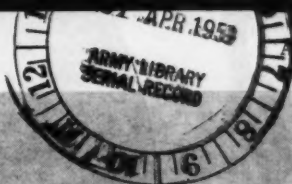


# EASTERN WORLD

THE ASIA MONTHLY

Volume XIII Number 4

LONDON



April 1959



Western Horizons

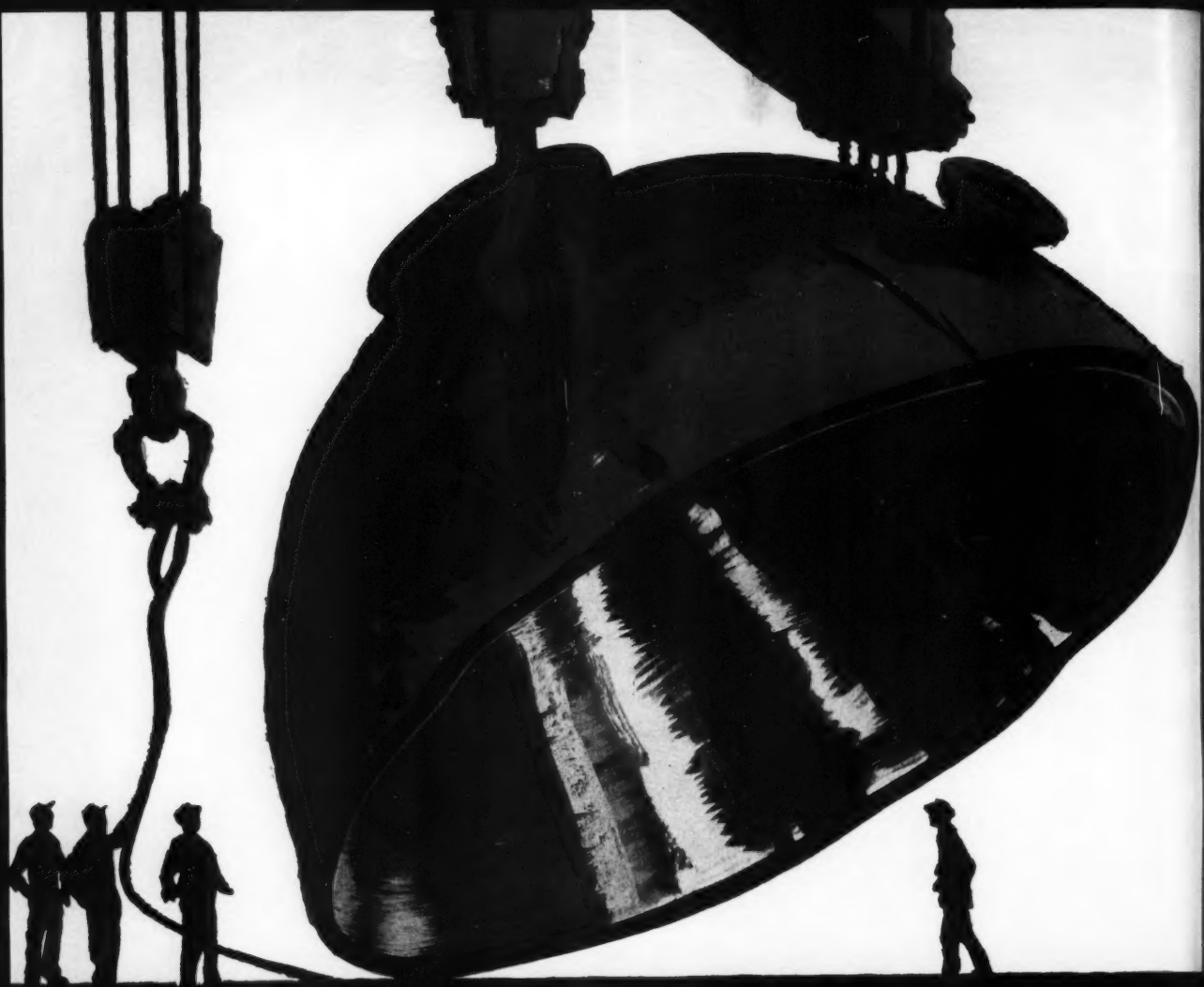
Europe and Asia

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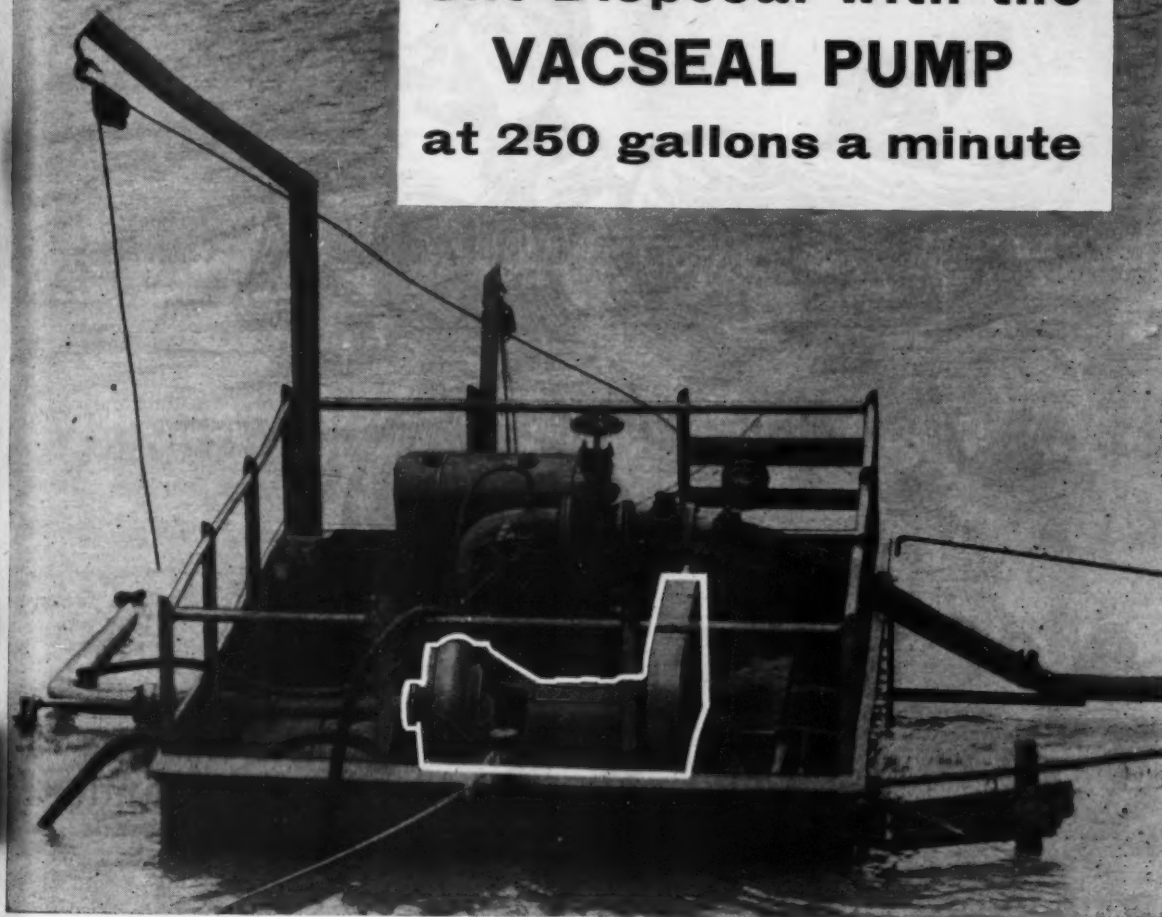
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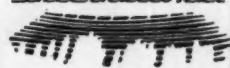
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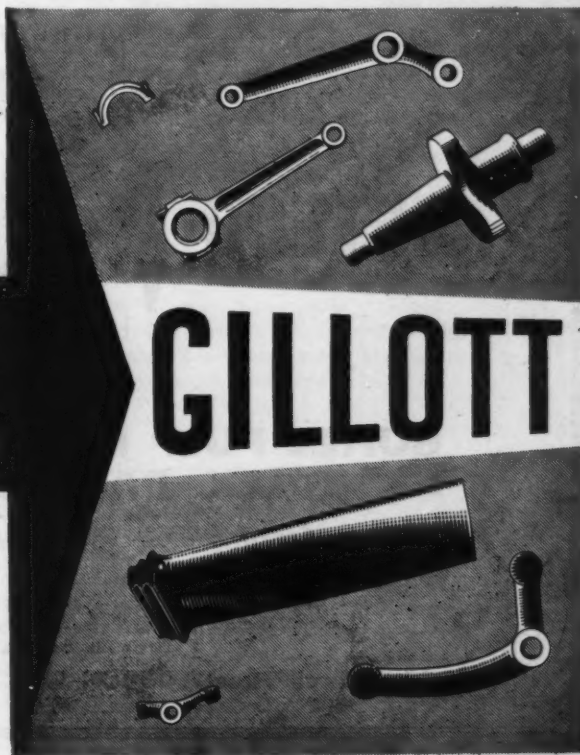
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*The Editor does not hold himself responsible for opinions expressed in signed articles.*

Front Cover Picture: Unperturbed by any unrest in the country, this Tibetan family is on one of the traditional trade journeys which takes hundreds of their countrymen every year to Nepal where they spend the winter. After crossing the world passes, they are shown here in front of a temple at Bhatgaon, former, 9th century, capital of Nepal. (Photo: H. C. Taussig)



# EASTERN WORLD

CABLES: TADICO, LONDON

58 Paddington Street, London, W.1

TELEPHONE: WELBECK 7419

Editor-in-Chief:

H. C. TAUSSIG

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Distribution Manager:

BRIDGET M. EVERITT

SUBSCRIPTION: £1 10s. post free. AIR MAIL: Subscriptions taken by air mail to all countries depend on cost of postage added to the basic subscription fee of £1 10s. (Present additional costs: £3 p.a.)

London

April

1959

## Western Horizons

WE are living today on the brink of a crisis in European affairs. In the past twelve months we have passed through crises in the Middle and Far East. No one, in their hearts, is under any illusion that if one of these areas and situations of tension exploded into a major nuclear conflict any area of the world would escape the effect. In this era of nuclear planning the critical affairs of Europe are just as much the concern of Asian countries as the critical events there are the concern of the western area. The capacity of the big world powers to bring about the devastation of the world has made the striving for peace indivisible. Furthermore, the existence of NATO in Europe, the Baghdad Pact in the Middle East, and SEATO in Asia, ensure that no major conflict between the nuclear powers will be confined to any one locality or region. This is why the present crisis in Europe should be the concern of more than just those of us who live here.

The situation in Europe at the present time is probably the most dangerous that has faced the world in the post-war period. Issues that have arisen over the past few years in the Middle and Far East have grown out of local tensions on which the great power ideologies have implanted matters of principle, and it has been said that in the last resort the United States or Russia would not risk the descent of one nuclear-headed intercontinental ballistic missile on their homelands in the cause of Formosa, or Lebanon, Jordan, or the West. In Europe it is a different story.

Over Germany and Berlin both sides face each other with commitments and principles which are the very essence of differences between them. Should either side attempt to break them down or change them, it is almost a certainty that the other would react promptly — and this would mean pressing the button to set the whole process of nuclear retaliation into motion. Some hope may be cherished that the moves now being made towards a summit conference this summer will bring a sense of reason to the European situation — and it might. But it has become clearer over the past few weeks that despite Mr. Macmillan's trip to Moscow, and his

subsequent visits to western capitals, neither side is prepared to shift from their present principles and commitments in Europe. In immediate practical terms this means that the Soviet Union intends to go ahead with the plan for making Berlin a "free city," and the West to maintain their rights there and to continue the provocative build up of western Germany into a heavily armed power.

The depth of Russian suspicions and mistrust of the real intentions of western statesmen has been given further weight by the visit to Britain of a mission led by Mr. Suslov, the third man in importance after Khrushchev and Mikoyan, for talks with British Labour Party leaders. Coming so soon after the British Prime Minister's Russian trip, the Suslov mission's talks with Labour leaders are significant. He has been frank and tough in his exchanges, but has made it clear beyond doubt that the Russians can no longer go on making what to them are important concessions unless the West begins to take a more reasonable view of the long standing European problem. In talking to the Labour Party it is clear the Russian suspicions are of capitalist pressures in the western alliance, and the object seems to be to find out if the view of socialists runs along similar channels. Everyone knows that they should not, and it is to be hoped that Suslov was assured that the Labour Party's leadership of a future British Government will bring a new outlook from the West on European and world affairs.

It is here that the non-aligned countries of Asia can bring some sane counsel to bear. If the Labour Party could feel that its solutions for Europe had the moral support of Delhi, Colombo, Djakarta and other uncommitted centres it could bring a more authoritative direction to the conduct of world affairs. The initiative must in the first place come from the Labour Party. By its statements and its actions, as well as behind-the-scene contacts it must surely begin to prove to the non-aligned countries of Asia that it is prepared to break free from the fetters of American thinking on the vital issues of world affairs. The European crisis gives it the opportunity to take such an initiative, and to invite the views of Asians as well as Europeans on how problems of the

magnitude of Europe can be tackled by a completely new line of thinking. There has been a great need for a coordination of progressive thinking on world problems as developed in Asia and Europe, but the Labour Party has too often failed to grasp the opportunity of taking a lead in the matter. The things they have learnt from Suslov must have made them realise how vital a fresh approach has now become, and

in this they cannot afford to do without the advice and ideas of those Asian statesmen and politicians who have worked so hard in recent years to break away from the restrictions of polarised thinking. That the pressing problem of the moment is Europe should make no difference, for Asians are as concerned as Europeans that there should be no mushroom clouds either on western or eastern horizons.

## Under the American Shadow II

**I**T took the Americans several years to appreciate that their claim to the "leadership of the free world" only roused a resentment among Asians, who would neither recognise alien "leadership" nor be counted as part of the American "free world." The State Department nevertheless laboured to impose its own obsessions on these new and still unsettled states, and succeeded in weaning away from the nationalist resurgence of their immediate post-war years several countries that have since become almost nothing less than American satellites. Other countries declined the proffered protection and chose non-alignment with either *bloc* of powers. America is regarded in all Asian countries as the disruptive influence of today, with its constant intrusion into the international and domestic affairs of such countries. At the same time none of them, whether satellite or uncommitted, is willing to break

with America. Even in the most consciously independent states, the pervasive distrust of American foreign and defence policies is finely balanced against the magnetic attractions of American wealth and technology.

This love-hate relationship between Asians and the United States has often perplexed the Communists no less than the Americans, both of whom tend to paint everything in black and white. The uncommitted countries refuse "to stand up and be counted" for either side, but are very ready to cultivate the friendship of both. This was regarded by Communists and anti-Communists alike as perversity on the part of the Asian leaders. The most difficult period was at the time of the war in Korea. Only since the Geneva agreement on Indo-China in 1954 has there been some understanding of the neutralist point of view. Now that the cold

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war is giving way to a competitive coexistence, it is pertinent to consider what enduring attractions America may hold for the Asians.

First of all there is dollar aid. All the Asian countries would like to have it in profusion, though they do not relish the American way of giving it. They would like it channelled through the United Nations machinery, mainly in the form of commercial loans and credits. Burma, Ceylon, Afghanistan and Indonesia even declined for some years to take American aid on any terms. Indian diplomats remarked in stage whispers that the only reason India accepted some of the aid pressed on it was so as not to offend the US. Even so right-of-centre a body as the Indian Council of World Affairs, in a report issued last February, spoke with marked sharpness of the effects of American military aid to countries of the Indian Ocean area. The Communists themselves could hardly have used more uncompromising terms than these:

Its military advantages are dubious; its effects on internal politics unstabilising; its social repercussions suspect; and its result on national and military morale weakening.

Today in Asia there is greater willingness to accept economic aid, and in America to give it "without strings." The State Department is pressing on Congress its view that the Russian challenge of economic aid to the underdeveloped countries must be taken seriously. Asian countries welcome this incipient dissociation of American aid from military pacts and ideological alliances.

More important, but perhaps less measurable, is the Asian pre-occupation with remaining equidistant between the two power blocs. The pull of Socialism undoubtedly plays a considerable part in the Asian aspiration of rising rapidly towards an industrialised economy, but it is strongly counter-balanced by Asian loyalty to democracy and individual freedoms. Their preferences are slightly weighted in favour of economic progress, and economic practice in the Sino-Soviet world is a matter of constant study. At the same time their commitment to uncompromised independence keeps them on the alert against the "democratic centralism" of Moscow and

Peking. Though they are, if anything, more suspicious of America than of Communism they feel quite at home with the political theories and institutions of the "free enterprise" system.

Besides the twin attractions of dollars and democracy, there is the additional pull of American "know-how." For a long time Asians felt that nothing in the world could match American technology, which seemed to them the only one worth adopting or learning from. Then came the Chinese "great leap forward" in 1958, followed by the new Soviet Seven-Year Plan, which between them brought a sudden realisation that the rate of acceleration in these Socialist economies was even greater. The attractions of American technology will continue, however, at least till the standard of living of the common people in the Soviet Union and China reaches that of the Americans. Though the Russian *sputnik* has had an immeasurable effect in Asia, it is still considered that America and the West generally have more to offer in total exports of capital goods than the Soviet Union. If Asians are taking increasingly more in capital goods and technology from the European Socialist countries, it is not to reduce their dependence on western sources but because their need exceeds western capacities.

The American way of life itself, the social complex that is America, exerts a very real pull on Asians. They respond warmly, whenever they meet it, to the generous American hospitality and friendliness. They are awed by wealth and its uses in America, and are drawn, like moths to the flame, by American pleasures and excesses. Were it not for the existing political conflicts and the tighter control of the home governments, Asian delegates and staff at the United Nations would long since have been won over to American ways, like their South American counterparts.

But like other moderns, Asians are conditioned first and foremost by the political exigencies. Their continual striving is not to succumb to America's power and wealth, but with its help and cooperation to strike out a way of their own in global peace and security.

## Comment

### Wisdom in the Wilderness

MR. Anthony Head, former Defence Minister, has had time in his two years out of office to think, to read something of the theory and practice of Communism, and to travel in Asia and Africa. He tried to pass on to his successor, Duncan Sandys, in what was perhaps the most interesting speech of the last defence debate, a portion of this new wisdom. The West, he argued, relying entirely on the deterrent power of nuclear weapons, has built a new kind of Maginot line, and ignored what is "an absolutely vital form of defence" by doing very little ideologically to win over the Afro-Asian peoples. The Communists are

making a much better job of their propaganda, so that if things remain as they are today, major areas of South-East Asia, the Middle East, and North and Central Africa will, within ten years, have either Communist governments or affiliation with the Communist bloc rather than with the West.

At this point, Mr. Head's new thinking dried up. The remedies he prescribed were the familiar ones to which the new, resistant strains of Bandung and Accra no longer respond: better propaganda, better security arrangements, bigger doses of paternal gradualism in guiding the colonial peoples towards their ultimate independence, with the Americans meanwhile being somehow persuaded to give their backing to Britain in policies of this kind. For a top-ranking



Tory, Mr. Head has caught up remarkably well with the most advanced American thinking in his understanding of the unrest in the colonial world. But in the American proposals for earlier independence and some immediate material aid, he suspects only a design to weaken and break up the British Empire. However much Mr. Macmillan may tell the Russians that imperialism has gone with the wind, Mr. Head would still like to keep what is left of it. In his opinion it is not much good pointing atomic rockets at Russia if the colonial world meanwhile slides by default into Communism.

### Ayub Tightens His Grip

**T**HERE are unfortunate signs that the Pakistani authorities are having to resort to repressive methods in order to administer their country. The danger that a military dictatorship of the present kind would, in spite of its benevolent protestations, be forced to become increasingly more severe was pointed out by many observers of the Pakistan political scene. President Ayub, who is anxious to rebuild Pakistanis in his own image, is ruling without the help of an ideology, or a political party, to put new ideas across. As a result, once the original enthusiasm of the public has slackened, a perceptible deterioration in public efficiency has followed. The President has acted to stop this by announcing that more rigorous attempts would be made to keep civil servants and government officials on the straight and narrow. It remains to be seen whether the new methods will succeed without setting a witch-hunt in their train.

Even more serious is the Government's method of dealing with industrial disputes. Under the new dispensation it is illegal for workers to strike. Nevertheless, the jute workers at Narayanganj, in East Pakistan, went on strike recently in order to press their demand for the continuance of Sunday as a day of rest. (The management had introduced staggered holidays, instead, allegedly on technical grounds). The Government reacted by arresting the strike leaders, trying them under martial law regulations, and sentencing them to between five and six years' rigorous imprisonment. If the Government believes that it is trying to help the country's economy, it is going the wrong way about it. As its plans for industrialisation make headway, they create a growing industrial working class. If legitimate trade union activity is not going to be permitted by the military authorities, the urban workers will cease to support the Government. One has only to turn to France where, because of the ruthless suppression of the 1871 Commune, the French workers were forced to turn against the Government, and to this day the working-class movement in France bears the mark of the Government's past folly.

In other respects, President Ayub's administration has acted moderately and liberally. It has introduced a land-reform programme, punished some of the worst offenders of the old régime, and released Mr. Faiz Ahmad Faiz, one of Pakistan's best-known writers and poets. But Pakistan still has a long way to go. Meanwhile, the President will continue to depend on the Army, the fount of his political power. The sooner he is able to seek support from other sources, the greater will be his measure of success.

### Forging the Defensive Ring

**B**Y signing separate defence agreements with Turkey, Persia and Pakistan, the US Government has associated itself more closely with the countries of the Baghdad Pact, without coming any nearer to joining the pact itself. The United States was already a member of the Pact's economic, counter-subversion and military committees, and the new defence agreements supplement the existing bilateral arrangements between itself and each of the three Governments concerned. Yet in spite of events in Iraq, which have made the so-called Baghdad Pact somewhat of a misnomer, the State Department is reluctant to adopt full membership. The new agreements will no doubt enable its military strategists to think in terms of unifying defence along the "northern tier," and in fact it is this view of the pact, rather than the British version, that Mr. Dulles has always favoured. It was Britain's mistake to build the pact around Iraq. This act of folly merely exacerbated Arab feuds and animosities. Turkey and Persia joined the Alliance because of their fear of the Soviet Union. Ever since the Truman Doctrine was proclaimed in 1947, the Turks have been implacably hostile towards the Soviet Union. Persians, however, are not wholly averse to the idea of extricating themselves from the Baghdad Pact; they are holding secret talks with the Russians while negotiating with the Americans. But fears that the Communists might agitate for an independent Kurdish state, embracing part of their country as well as of Turkey, have made them turn to the Americans for support.

There remains the question of Pakistan's participation in the pact and its bilateral defence agreement with the United States. The signature of the new agreement, together with public statements by Pakistan's leaders, has led to renewed Indian suspicions of Pakistani intentions. The phrasing of the agreement is rather ambiguous; the Indian Government, in spite of American assurances that the guarantees provided were limited to aggression by Communist countries, is profoundly uneasy. Its uneasiness stems from Pakistani statements that the agreement gave Pakistan a guarantee against aggression "from any quarter." It is true that officials in Karachi have always been aware of the Soviet threat, and to that extent, their desire to receive military aid from the West falls in with the Americans' own plan of creating the "northern tier."

The trouble begins when Pakistani leaders, in speeches meant for internal consumption, play up the threat from India in order to justify their action. Mr. Nehru even claimed that American arms had been used in border clashes against India. (Pakistani spokesmen have denied this). He fears that Pakistan may manipulate border raids so as to make India appear to be the aggressor before the world. There is constant trouble along the East Pakistan and Assam borders, and a minor incident could be built up into a major crisis. Unless the Americans make a specific pronouncement to allay Indian fears, the latter will have to find more money for arms. At a time when US senators are talking of creating a "Marshall Plan" for India, American failure to reassure Delhi on this vital question of defence aid to Pakistan is undoing most of the good that they are otherwise doing by providing economic assistance to India.



## Tibet Kicks Over the Traces

THE uprising of Tibetans in and around Lhasa cannot be passed over in the same breath as the eight-year-old guerrilla activities of the Khamba people. But both movements have one thing in common, they are revolts against the overlordship of the Chinese rather than anti-Communist rebellions. The Nationalists on Taiwan (Formosa) have lost no time in pointing to the Tibetan troubles as the start of an anti-Communist movement which will spread throughout the whole of China. It would be foolish to be misled by this obviously weighted point of view. The Tibetan people, and the Khambas in particular, have never been willing to accept Chinese control in their country, no matter what its political complexion might be.

The recent Lhasa uprising points to the failure of the Peking government in making their method of administration appeal to Tibetans. The feudal system in a kingdom as remote, and terrain as difficult, as Tibet is not easy to break up, and the social existence of Tibetans is circumscribed

within the limits of their religious beliefs. Fears have been widespread in Tibet since the Chinese entered the country in 1950 that the code of living was going to be destroyed by the Chinese, despite the agreement signed in 1951 which provided for Tibetan autonomy and non-interference with the religious structure. Attempts at land reform upset the Tibetans, because the monasteries exercise a strong influence over the people and the monastic element are not prepared to have their lands redistributed or taxed.

The temporal head of the country, the Dalai Lama, has never seen completely eye-to-eye with the Chinese authorities, although he has been a member of the Chinese governing council. It is around his person and his aura, that the ingrained and, until recently, passive resistance to Chinese overlordship has crystallised. The present uprising started when the Tibetan people learned that the Chinese were going to remove him from Lhasa. What emerges is that the Chinese authorities have not made a success of their venture in Tibet and have found these remote and feudal people an entirely different proposition than the Chinese people when it came to acceptance of socialisation as a substitute for their present system.

The recent troubles put India in a difficult position. She



Right under your nose—and you just stand and stare!

inherited, on independence, the rights which the former British Raj held with regard to Tibet. With the revolution in China she reluctantly agreed that these should be abrogated, but from speeches Mr. Nehru made at the time it was clear that India was not happy about the Chinese occupation of Tibet. Now the Tibetan people are making no secret of their desire that India should back their cause (some even called at the Indian consulate in Lhasa). Mr. Nehru has voiced the opinion of the Indian Government that they have no part in another country's internal problems, but with the border area between Tibet and India being crossed by numbers of indignant Tibetans, the Indian Government will have no easy task in standing strictly by the five principles agreement with China. Already Indian newspapers are saying that their Prime Minister has a moral obligation to see that China respects Tibetan autonomy. The Chinese have a very unwilling horse on the rein, and how they handle him will reflect on their future relations with their neighbouring Asian countries.

### Australia Smiles North

ONE of the most welcome changes of outlook to be noticed recently has been that of Australia with regard to Asia. Since the second world war Australia has become somewhat bewildered by the changes that were taking place in her immediate north. Australians carried into the post-war era the same values and prejudices that characterised their outlook in the thirties with regard to Asia. It was inevitable that this should have affected the formulation of a foreign policy. Australians became inflexible in their view of resurgent Asia at the very time when flexibility was more essential than ever.

Now they have come more clearly to recognise the realities of the Asian situation and seem to be striving less to hold Australia aloof from Asia—less to enforce a separation. How much this change has been affected by events in Indonesia it is difficult to say. Certainly the new outlook became more sharply marked after Dr. Subanrio, the Indonesian Foreign Minister, had made it plain during his visit that in the event of a conflict in the Asian region, Australia would have to rely on the goodwill of her Asian neighbours. Australia has always been conscious of being on the doorstep of Asia but not part of it. Her strict white immigration policy is a psychological manifestation of this. But this sense of being above (or below) the changing Asian scene could not possibly last in the mid-twentieth century and the recent signs of an unfrowning northwards outlook are to be welcomed.

### Turbulence in the Indian Ocean

SINCE the Maldives, the group of atolls just over 400 miles south-west of Ceylon in the Indian Ocean, was chosen by the British Government as a likely spot to build an air force staging post there have been little niggles of trouble and discontent. It is true that in 1953, just before the decision to build an airfield on Gan, in the southern group of islands, there was an attempt by Maldivians to

overthrow the ruling sultanate, but no one took this very seriously. Later, after Britain had revised their treaty of protection, talks on the establishment of an airstrip were interrupted by a reshuffle of the Maldivian Government which brought a new Prime Minister into power whose attitude towards the negotiations with the British was less accommodating than his predecessor. Although nothing has yet been finally settled in these talks, work has been going on on Gan Island and the people there have been able to reap some of the material benefits of a military establishment. This has not unnaturally led to a certain discontent among the people with the feudal rulers, sitting rather remotely in the main island of Male, some 200 miles to the north.

The reaction of the Maldivian Government to the increased earning power of those of the southern atolls, who have worked on the airstrip, was to increase taxes on houses and on fishing boats. The southern atolls have apparently never been happy about the cavalier way in which they have been treated by the Male Government, and the imposition of taxes on top of a shortage of food was the last straw. Last month they revolted and set up their own government, no doubt in the full knowledge that while Britain would not officially support them, they would gain the sympathy of the British on the spot.

The sensitivity of the Maldivian Government about the presence of the British in the turbulent area was illustrated by their refusal of food offered by Britain to relieve the famine. This offer was seen as an act "calculated to kindle the flame of ill will" in the minds of the dissident Maldivians. The Government in Male is, of course, only too happy to find some reason for the trouble other than the shortcomings in their own administrative competence. But their reaction should come as no surprise, for this is not the first time discontent has flourished in an area where westerners have imported their way of life along with the trappings of a military base.

### Sweet and Sour of China Trade

RECENTLY a number of western business men trading with China have expressed concern for its future. In the past it was maintained that Chinese promises (even verbal) were strictly adhered to. Lately, however, there have been delays in delivery and on some occasions the Chinese have cancelled without previous warning their delivery contracts which were already overdue. There have been complaints over delays in answering correspondence, and disappointment has also been voiced because with the Chinese using chartered ships which call at many ports, long delays occur at the receiving end.

These complaints appear to be justified in several cases, and it is in the interest of the Chinese that their foreign trade should be conducted in such a way that buyers and sellers are satisfied which is, after all, a condition which must be fulfilled if further development is envisaged. On the other hand, statistics show that the trade between West Europe and China increased sharply during the last few months of 1958 which has put an additional strain on shipping and Chinese ports. Furthermore, inland transport

appears to be one of the greatest bottlenecks in the Chinese economy. The shifting of this year's bumper harvest, together with the transportation of an increased volume of goods resulting from the country's industrialisation, have imposed a strain on rail and road transport far in excess of its present capacity. The Chinese had to decide on immediate priorities which included the building up of certain industries and the constant supply to the population of food and some consumer goods. In this process the traditional export commodities have somehow become of secondary importance.

This is a period of transition, certain readjustments are taking place in China's economy, but remembering that the Chinese have repeatedly expressed their desire for a balanced trade with western countries, all indications show that present difficulties will be overcome in a not too distant future. The Chinese have not placed big orders in western Europe during the last few weeks, but this appears to be due to a delay in the formulation of their buying programme for 1959, and well informed circles believe that buying and selling on a large scale is to restart shortly.

### Widening Prospects

**N**EW, little thought-of trading possibilities seem to open themselves up in the Far East: North Korea is beginning to come into the picture of international commerce. At the Leipzig Fair, North Korean trade representatives have shown serious interest in several UK exhibits, including machine tools, and it appears that, despite many difficulties, this market could be developed by UK industries. Businessmen from some other industrialised countries outside the Soviet-Sino bloc, like Japan, have been visiting North Korea regularly to establish commercial contacts on the spot, but very few UK traders ever went to that country.

While North Korea is also anxious to develop her export trade, sea transport difficulties are at present one of the greatest obstacles for the two-way traffic.

It would be advantageous if the North Koreans could be persuaded to open a West European trade office, even though they have no diplomatic representatives in the West.

### Dangerous Protection

**T**HE Japanese-American talks on the revision of the military treaty between the two countries is progressing more slowly than either government reckoned with. The reason for the slow progress lies in the opposition encountered by the Kishi Government from both public opinion as well as from inside its ranks. Opinions vary not only on the nature of the new treaty, but also on the point whether Japan needs a military agreement with the US at all. This latter question is being raised by retired Japanese diplomats who retain considerable influence on governmental decisions. Their statements are usually well founded, look convincing and for that reason attract the attention of public opinion.

In their opinion, any kind of military treaty with the US will be to Japan's disadvantage as it would mean the continuation of severe financial burdens and of political limitation to sovereignty. According to the group of old



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diplomats, a country should venture into such agreements only in the case of an immediate threat to its security which is not the case with Japan today. Unlike many Japanese politicians of today, the old diplomats believe that Japan's closest Communist neighbours — continental China and Soviet Russia — do not entertain aggressive feelings towards Japan, but especially the Chinese are too deeply engaged in their internal problems which will probably keep them busy for decades. Of course, nobody would deny the danger of so-called peaceful communist infiltration, but this is rather an ideological drive and dissemination of ideas, and cannot be combated by military agreements with a foreign power. Tighter censorship and customs regulations would be more appropriate in this case.

Thus a military agreement seems void of sense and reason at least as far as the Japanese side is concerned, and its disadvantages are now being discussed in Tokyo political circles. Financially it commits Japan to heavy outlays for military purposes in addition to the cost of maintenance of US troops on her territory. It is true that the US forces also provide a certain dollar income for Japan which for years has been helpful in her budgeting, but economists agree that the national economy cannot be permanently dependent on such unsteady factors. Another objection is based on nationalistic feelings, which resent the stay of foreign troops on Japanese territory. This has been a sore point with Japanese patriots for years, who smart under the fact that as long as there are foreign troops in Japan,



she is regarded as an occupied country — particularly by the peoples of South-East Asia.

There is little doubt that the revised Security Pact will be signed, but these voices of public opinion which have been able to slow down proceedings to such an extent, are a valuable indication of the feelings among the Japanese. They also led to discussions which blatantly exposed Japan's inferior position in her unequal military arrangements. Thus, Shuzo Hayashi, director of the Cabinet Legislation Bureau, had to admit that Japan could not send Self-Defence forces to Okinawa, though she retained "theoretically" territorial sovereignty and the right of self-

defence over the island. Similarly, while Premier Kishi stressed that Japan could, but would under no circumstances equip her forces with nuclear weapons, he had to admit that nuclear weapons would be on Japanese territory in the hands of the US forces. The situation will evidently be still further aggravated if, as seems likely, Japan assumes obligations to cooperate with the US in the defence of South-East Asia and the Far East.

There seems, therefore, something to be said for the advice of the old diplomats not to have a treaty at all and to pursue a policy which would meet Japan's own national interest first of all.



General Ne Win

## THE BURMA CRISIS

By H. C. Taussig

**W**HEN, last February, General Ne Win tendered the resignation of his Cabinet and told the Burmese Parliament that the Constitution would have to be amended if he was to continue in office, the Chamber of Deputies, with the full support of President U Win Maung, hastened to agree to all his demands. These, admittedly unusual events, were interpreted by many observers abroad as signs that Burma's "military" regime was trying to perpetuate itself and that it had forced Parliament to legalise their continuance in power.

This is a gross misconception. Firstly, the Government of General Ne Win cannot be called a "military" one; secondly, it is quite certain that neither the General nor his ministers desire to keep power for longer than absolutely necessary. Thirdly, the paradox exists in Burma, that the political parties themselves are anxious for General Ne Win's caretaker cabinet to continue until its task has been accomplished. The mandate given to the General, was to establish law and order and to create conditions enabling free and fair elections and, as far as external affairs are concerned, to uphold the policy of strict neutrality. General Ne Win was given six months to achieve these ideal conditions, for under the Burmese Constitution as it was before the amendment, a non-member of Parliament was debarred from holding ministerial offices for more than six months without seeking election to the legislature. Hence the General's quite logical and constitutional proposals either to accept his resignation or to enable him to continue his

work within the Constitution.

The real problem in Burma today is not the fact that a military man was called to form an extra-parliamentary government. The real problem is that the parliamentarians have come to an *impasse* where they no longer can exercise their functions. This extraordinary situation is the outcome of the complicated conflicts between the outstanding personalities who commanded Burma's political scene ever since the achievement of the country and which bedevil its public life today.

The ruling AFPFL Party (Anti-Fascist Peoples' Freedom League), like Congress in India, was the political organisation responsible for, and closely identified with the fight for freedom. Unlike Congress, however, AFPFL never contained representatives of diametrically opposed ideological and material interests, but it was, on the other hand, housing strong, ambitious and individually opposed personalities under one single roof. Two powerful factions, one under the former Premier U Nu, and the other consisting of one-time Premier U Ba Swe and former Vice-Premier U Kyaw Nyein, were fighting for supremacy inside the ruling party and, therefore, the country. The internal tension within party and government was broadened and intensified by the need of both factions to encourage, pacify and, if necessary, bribe followers, or at least to shut official eyes to some of the flagrant violations of political ethics and the law by various party functionaries. Eventually, the clash between personalities came to such a pitch that parliamentary



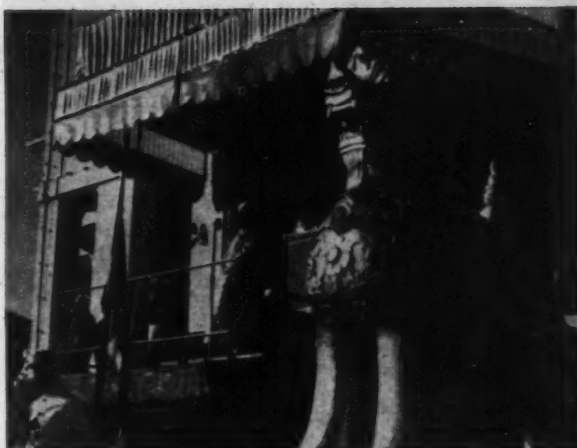
government became impossible. The AFPFL openly split into two new parties: one, under U Nu calling themselves the "Clean" AFPFL, the other one, under U Ba Swe with U Kyaw Nyein at his side, adopting the name of "Stable" AFPFL.

It will be recalled that, in addition to the ruling AFPFL, the Burmese Parliament also comprised the National United Front (NUF) which consisted of various groups and occupied after the last election in 1956, 45 out of the total of 248 seats. It was mainly made up of the extreme left Burmese Workers Party (BWP), the People's Democratic Party; the Progressive Party; the Peasants' United Organisation; the Burmese Trade Union Congress, the People's Youth; a number of organisations of the Karen, Mon and Chin minorities; the People's Comrade Party (PCP) which consists of former insurgents; the Justice Party which commanded 12 seats of the NUF, and a few independent politicians. This group thus represented a conglomeration of a substantial proportion of the Burmese votes. In fact, it polled in 25 constituencies a total of 1,200,000 votes compared with the 1,800,000 of AFPFL and thus indicated a considerable amount of dissatisfaction inside the electorate with the AFPFL regime. However, as Burma has no system of proportional representation, the NUF was limited to their 45 seats. Its great political chance came after and during the height of the AFPFL split, when the NUF supported U Nu as they considered him more likely to offer a general amnesty to the insurgents than the "Stable" group which has shown a more inflexible attitude towards Communism. Yet, without the votes of the "Stables," U Nu was unable to command a sufficient majority of the House even with the support of the NUF, particularly as the latter contributed its votes only from case to case and finally itself by losing the Justice Party and thus being reduced to 33 seats only.

It is impossible here to narrate the details of the involved history of the AFPFL split, but it may suffice to survey the present situation. The main actors in the Burmese political drama are today: (1) General Ne Win and his caretaker cabinet. (2) U Ba Swe and U Kyaw Nyein and their "Stable" AFPFL. (3) U Nu and his "Clean" AFPFL. (4) The NUF group and (5) The insurgents in the jungle who still exercise a remote but effective influence on political events.

The immediately visible effect of General Ne Win's regime strikes the visitor the moment he enters Burma. I knew from former experience, how exasperating Burmese officialdom could be: how many forms there would have to be filled in at the airport, how dreary the procedure would be, how desperately long it would take to go through all formalities — almost longer than the delightful flight in the B.O.A.C. Britannia from Calcutta. Yet, I was surprised to find the highest possible efficiency and a minimum of formalities. As Rangoon airport had been completed since my last visit two years ago — a delightful modern structure — and as it took me only a few minutes to pass through customs and passport controls, I thought I had arrived in the wrong country.

Further, Rangoon was almost unrecognisable. Two years ago, it was one of the most neglected, in fact the most pathetic capital of the East, covered with dilapidated shacks and filth. It was a decaying, crumbling and slummy town. Today, like by magic, the poverty-stricken appearance has been changed, the profusion of make-shift huts has been cleared away, the streets are clean and altogether Rangoon is on the way to quickly recovering its charm and beauty for



President U Win Maung taking the salute on Independence Day

which it was famous before the war.

Apart from this immediately visible and unprecedented clean-up, it did not take long to discover that a new era of discipline and law and order had been established. Prices, particularly of staple foods like rice, fish, prawns, lobsters and vegetables had come down drastically and were stable. Prices of other commodities had been reduced substantially with the help of the traders themselves who seemed to have welcomed the more solid conditions. People seemed definitely happier and satisfied that, for the first time during the past few years, some stability and discipline had been introduced.

### BOAC Efficiency

This discipline makes itself felt not only in the personal attitude of civil servants — who nowadays arrive punctually in their offices and suddenly seem to display a far greater interest in their jobs than before, but also in a genuine desire within the administration to introduce more efficient and up-to-date methods and systems. There is a confidentially admitted attempt to try and emulate British administrative skill. While nationalist sentiments do not permit an outright approach to British officials for advice, a face-saving way out has been found. Burmese civil servants are most impressed by the outstanding efficiency of the B.O.A.C., and it is this much admired non-official corporation which is closely studied for an example and frequently, in a round about way, asked for suggestions and advice. In their talks, Burmese high officials and ministers often mention the B.O.A.C. with admiration and there is no doubt that this senior airline, with its vast experience and superb record, plays an important and beneficial part in UK-Burmese relations under the new set-up. (B.O.A.C. efficiency, though, is a mixed blessing for Burma, as the new jet flights have made overnight stopping in Rangoon superfluous and thus robbed the Strand Hotel, one of the premier establishments of the East, of some of its highly valued custom).

This new drive towards discipline, cleanliness and efficiency ventilated itself first of all on the Rangoon City Council which was summarily dismissed for its incompetence. The population pressure on Rangoon had been abnormally high with the results that thousands of sheds had been built in the streets, that the hygienic and housing problem had been shocking for the last 10 years and the town deteriorated

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beyond recognition. The politicians, it is said, never did anything about it, as the newcomers — either refugees from the insurgent-infested areas or mere migrants in the urbanomagnetic phenomenon of our times — possessed valuable votes and that it was in the interest of the parties not to interfere with their actions and movements. Many people I spoke to, pointed out that they now could live within their means, that it was no longer necessary to rely on bribes to supplement their income, that the new discipline which had been generated was voluntarily and spontaneously supported by the population and that life, altogether, was much more pleasant and hopeful.

It is clear that such a drastic change can only be brought about by either of two methods: either by force or by collaboration. While there is no doubt that the military background of Premier Ne Win implies his power and determination to enforce his will if necessary, it must be admitted that such compulsion has apparently not been necessary and that there has been a remarkable, almost enthusiastic cooperation extended to him and his leadership by the people. There is neither a dictatorship in Burma, nor a military regime which has been forced on the country. But the caretaker cabinet which, it is important to note, consists exclusively of civilians with the exception of the Premier, is not bound by the intricate machinations, favouritism and *quid-pro-quo* considerations of the former party rule. It is, therefore, free to say what it means and to mean what it says. It thus is in a position of enforcing law and order, and that does not mean only its own regulations, but the normal law of the country. This was not always the case with the politicians. The continuing disclosures of frauds, blackmail and other criminal activities which for

various reasons had to be condoned by the party-governed regime before, present a staggering picture of the deterioration which had plagued the country. A newspaper report which I cut out while in Burma lies before me. It is typical of dozens of its kind, and mentions the arrest of kidnappers and their go-betweens in Sathadaw Village in Insein township. It deals with a criminal case which happened months ago, though no action had been taken against the culprits "due to their close connections with influential political leaders." This sort of thing is typical of the depth to which political intrigue and favouritism had sunk in Burma.

### **The Big Problem**

However, this praiseworthy, disinterested and necessary "new broom" of the caretaker Government, poses a problem of the utmost seriousness for the country's future. For, by introducing this renewed respect for the law, certain things are revealed which automatically throw the blame for the entire state of the country, from high prices and hoarding to the filth of the streets, from bribery and corruption to the condonement of criminal activities, onto the shoulders of the politicians. The problem arises as to how, after a clean-up, the fate of the country can be safely re-entrusted to those very politicians whose guilt and culpability have thus been exposed. The problem is intensified by the fact that, of course, more often than not, it was not the actual leaders but the minions of the Party who misused their power and influence, though it is difficult to absolve the leaders altogether.

It is also obvious that the various government departments were permeated by the friends and favourites of powerful political leaders. This need not necessarily mean that they were bad or corrupt, but the camaraderie of the struggle for freedom, friendship over years, had inevitably created bonds between many who fought together and then took over the running of the country. General Ne Win, therefore, took no chances, and though his Army machinery has not been involved into the actual "enforcement" of his programmes, he saw to it that trusted colleagues of his, incorrupt and distinguished Colonels of very high intelligence, were seconded to the various ministries in order to control, or in any case ensure by their mere presence, the correct implementation of his policy.

In my talks with the leading personalities of the new regime, I found them eager to relinquish their task as soon as possible. Their thoughts and energies were honestly concentrated on their short-term objective of bringing back discipline which had deteriorated in government services. They pointed with justified pride not only to the achievements already to their credit, but also to the undoubted support they were receiving from the people. "But" said U Khin Maung Pyu, Minister for Home Affairs and Information and a former Chief Secretary of the Union, "our efforts will be useless if we can't make the changes permanent. We want free and fair elections so that people can exercise their right freely and without fear and intimidation. We hope that the mechanism which we are setting up will last. But insurgents play a big part in the elections, as they can force people to vote as it suits them. But whatever we do, we do according to the Constitution."

This deep respect for the Constitution is a dominant feature of the caretaker Cabinet, and General Ne Win's action in submitting his position to Parliament, is proof of this. I admitted that I was more sceptical about the possibility of achieving his aim of making the country safe

for elections within the short time open to him, than he himself was. It was his intention to convene Parliament in February and to dissolve it immediately for general elections which would have to be ended before April 28, the last day of his mandate. It was obvious to me then, as it became to him a few weeks afterwards, that this would be quite impossible as he could not feasibly hope to conquer the insurgents and thus completely pacify the country or even to make the newly raised morale in the administrative machine a permanent feature.

### Anti-Communist

In the effort to combat the insurgents by military means instead of by political ones, General Ne Win's Government is bound to take a distinctive and far more militant anti-Communist character than the previous Government which tried to end hostilities through amnesty and negotiations. Details about this problem were given to me by Colonel Ba Than, Director of Policy in General Ne Win's Government. "The most difficult thing," he said, "is to combat the propa-



Colonel Ba Than

ganda carried out by the Communists underground and sometimes above the ground. They operate mostly in towns. Militarily they have been hopeless, fighting mostly in small bands, running about the country and closely followed by the Army and the Police." Formerly, the Colonel said, the Government offered amnesty. But when the split in AFPFL occurred, the Communists thought

themselves in a stronger position and demanded negotiations which U Nu refused. Now, however, the new Government had a different, more Army-like attitude. "No more of this" Colonel Ba Than said. "We are going to fight them. There are no conditions, they must surrender. To establish law and order includes fighting the Communists in the jungle as well as in the towns and villages. The insurgents will be treated as insurgents, and not as patriots. There will be no amnesty" he repeated. On my question as to what happens to those who surrender, whether they would be shot, the Colonel answered "If they are not leaders, but bona fide established mere followers, they are set free." This left the question open as to the leaders, and I personally doubt it whether the latter will surrender under such circumstances, and even if they were not to be shot, they would lose face surrendering as conquered insurgents and not as patriots.

There are, according to Colonel Ba Than, roughly 6,000 insurgents of which the so-called White Flag Communists account for 1,000, the Red Flag Communists about 300 to 500. The White Flag ones seem to be quite well entrenched and quite powerful in the sense that they are able to maintain themselves in the jungle which might cost the Burmese Army much time, material and troops to beat them. Then there are about 3,000 Karens — who seem to have joined the Communists — and small groups of Mons roaming about the jungle in bands of 50 or 100. Further, there is a gang of about 200 Mojahids or Muslim fanatics

giving trouble on the Pakistani border, and finally the remainder of the former Kuomintang Army in the Shan States near the Thai, Laotian and Chinese borders, amounting to about 1,000 and carrying on a flourishing trade in opium. It is true that Colonel Ba Than mentioned that his Government did not hope to eliminate the insurgents within the six months at its disposal and that the Army would go on fighting them long after an elected government had taken over, but it seemed nevertheless to me to picture General Ne Win announcing the field free for peaceful and fair elections without showing some conspicuous progress in the fight against the insurgents.

This was one of the two reasons why General Ne Win's mandate seemed impossible to accomplish within the given period. The other reason was political. From every point of view would it be undesirable for any political party to take over from the present caretaker Government at this juncture. Firstly, the revelations about the shortcomings and moral deficiencies inside the former ruling political circles are too recent and too much in the mind of the people to enable them to face the country as the potential saviours of the future. Both of the splinter groups, the Stables as well as the Clean AFPFL will need time to persuade the country that the other group was responsible for the debacle and that it identifies itself with the new spirit embodied in the Ne Win administration. Secondly, time is wanted to assess properly the strength of each group in the country, both of them being confident to command the majority of the electorate, yet both of them being anxious to postpone a show-down at the polls until it has done more spade work.

### Strong "Stables"

It seems that, though U Nu's prestige as a devoted Buddhist and selfless patriot still sways large sections of the people, the Stable AFPFL under U Ba Swe and U Kyaw Nyein is in a much stronger position. It appears that they were able to make it clear that they did not want to continue to cooperate with U Nu because they were unwilling to tolerate his favouritism and misuse of power. This gives them a powerful argument in favour of their own incorruptibility and moral indignation. They agree that they, too, are to blame for what happened while they were in power, but maintain to have condoned it only temporarily in order not to embarrass U Nu while he was negotiating with the insurgents, in the hope of establishing internal peace. Further, the Stables have played their cards exceedingly cleverly by giving full and all-out support to General Ne Win, thus identifying themselves with the popularity of his regime. U Nu, it seems, has not been as careful, and has allowed himself to be drawn into opposition against the caretaker Cabinet appointed by him. General Ne Win complained to Parliament that U Nu's Clean AFPFL faction had accused him of arresting large numbers of their followers. As those arrested are considered in Burma as the worst elements in the political life of the country, and as public opinion maintains that General Ne Win's actions are not motivated by political vengeance or based on intrigues but solely inspired by constitutional justice, U Nu has made a grave political mistake. For not only has he raised his voice against popular measures undertaken by General Ne Win, but he has indirectly admitted that those undesirable elements were his followers, closely connected with him and thus identified himself with



just those elements now attracting popular hatred. The consequences of this mistake may already be evident very soon.

Finally, it may be mentioned that the connection of the Stable AFPFL and the Army and, therefore, with General Ne Win, is a much closer one than it ever has been with U Nu. The reason for this is that U Ba Swe, as Minister of Defence, always took a great interest in building up the Army. So much so, that he neglected the strengthening of his and U Kyaw Nyein's socialist grouping within the AFPFL. Indeed the modern Burmese Army is the handiwork of U Ba Swe and General Ne Win. It is likely that this combination of long standing will make itself felt in future developments in Burma, while it now enables the "Stables" to speak from a position of comparative strength. Apart from these links with the Army, the Stables claim to have a majority in the cabinets of the autonomous States of the Karens, Shans and Chins. For when General Ne Win selected the most popular leaders of these communities, they all turned out to be supporters of the Stable faction. They thus consider themselves the majority party.

#### Accusations

Describing the events that led up to the momentous split, the Stable leaders are bitterly accusing U Nu of many things. Despite his professed democratic ideology, they say, he became so power-mad that he was rapidly becoming a dictator. "He became a sort of Bonaparte" U Kyaw Nyein told me. U Nu, his opponents say, was apt to protect his portfolio by violating freedom and making arrests on false charges. They accuse him of having operated with the help of awarding jobs and exercising protection, thus keeping the support of undesirable elements by corruption, and by backing up their misdeeds. There were occasions when outright criminal cases were brought to his attention but he refused to act as the culprits were his supporters and he did "not want to appear ungrateful" towards them. The Stable leaders admit that they, too, were to blame for suffering these malpractices. But, they say, "we at least tried to stamp them out. We waited, as there was the large cause of peace which was in the offing." The chances of ending the internal strife were thrown away by U Nu last year, the Stable leaders claim. The rebels were already surrendering, but when U Nu tried to oust his rivals and thus created the split, the Communists changed their tactics. As good strategists, they knew they could bargain on their own terms. Rebel leaders who were secretly negotiating with the Army went back on their word, for they did not trust U Nu. Had the latter waited six months or a year, there would have been peace. The peace offer had been made by U Nu in a radio speech, in which he offered (1) to legalise the Communist Party and (2) to proclaim a general amnesty. This the Communists accepted, but insisted on a personal meeting between leaders, most probably to save face and so as not to fall entirely into the role of conquered, surrendering rebels. This U Nu refused, saying they could see him after they had laid down arms. By then, the Stable leaders explained, the Communists had lost faith in U Nu's word.

U Kyaw Nyein and U Ba Swe are also accusing U Nu of having broken the agreement made at the time of parting, namely not to victimise adherents of the other faction, particularly friends and officials who had been working with the ministers for 10 years, and not to persecute the

opposition. All these things, they claim, were violated. Then, they say, there was a secret protocol stipulating that neither side should cooperate with the Burmese Workers' Party (BWP-extreme left). Yet U Nu broke it, and it was on the strength of the support of the National United Front (NUF), half of which belong to the BWP that he survived in office though only for a short time.

According to the Stables, U Nu has been discredited especially after he attempted to dissolve Parliament. He convened a budget session, and when the MPs had arrived from the provinces in the capital, he realised that he would not command a majority in the House and simply prorogued the formally convened Parliament. The reason for U Nu's position was this: the Cabinet had accepted an agreement for a US loan, which had to be ratified by Parliament. But it could not possibly be endorsed by the BWP. Previously U Nu had received a promise from the BWP that, though they would abstain, they would not obstruct it. The Stables would have endorsed it, but decided to utilise the situation for their political tactics. "As we had to deal with an unscrupulous Cabinet," they told me, "we decided to pay them back in their own kind, and announced that we would oppose the US loan." Thus U Nu found himself with a major bill on which his Government would be defeated as the Communists could obviously not support him. He then took the drastic step of dissolving Parliament and by this violated the Constitution.

#### U Nu's Platform

It appears from this, that the differences between the leaders were mostly personal. What has U Nu to say to all this? It seems that, despite the Stables' assertions to the contrary, the former premier still holds sway over many admirers and whenever he goes on tour, he addresses enthusiastically mass meetings. Whether this enthusiasm is genuine or whether the masses are willing to cheer any prominent public figure, only elections can tell. However, U Nu himself is undaunted and optimistic. He is lately avoiding personal mud-slinging with his opponents as far as this is possible, and entrenches himself on the rocks of idealism and Buddhist sanctity, counting on his personal appeal and high-minded programme. U Nu states that he believes in the form of democracy as practised in Britain, and that he wants free and fair elections, and that he does not wish to gain power through intimidation and "at the point of the gun." He loses no opportunity of confirming his sincere respect for the Constitution which he considers the overriding interest of the country and the people. Mainly, he wants to save the country from further upheavals and to avoid "ups and downs" in Burmese politics. This, he thinks, can be achieved by the creation of an efficient and continuous administrative machinery which would be a guarantee against any "expulsions" in the case of a change of government.

U Nu lets it be known that, as a strict Buddhist, he does not think in terms of himself, nor does he believe in power. All he wants is that the children of today should have a safe future and all democratic freedom. He does not care, he stated, whether he was in power or not, but it seemed obvious to me that he considers himself to be the best guarantee for the achievement of his aims. He points out that some have lost their idealism, but not he; that some have accumulated wealth, but not he. He believes not so much in industrialisation — the protagonist of which is U Kyaw Uyein — but in gradual improvement of indigenous



resources until Burma can raise herself towards the 20th century. In education, he is for quality, not quantity. "Let us cooperate" he says, "let us live up to the ideals of democracy, let us exclude intimidation." He does not envisage a reunion of the two split factions, but suggests some kind of coexistence, though he has no practical suggestions to make at the moment how this could be implemented.

The third political group, the National United Front (NUF), being the most vulnerable owing to its left-wing components, has suffered most under the present conditions. More than 200 of its officers, amongst them its General Secretary and a number of its MPs, have been arrested for sedition under Section 5 of the Public Order Preservation Act, which does not require any explanation for the arrest. In some districts, the NUF cannot function at all. The main line which distinguishes the NUF from other political programmes — which are all for consolidating independence

and the establishment of internal peace — is its opposition to any US loans which they consider imperialist penetration, and the fact that it stands for negotiation with the rebels in the jungle as the only method of achieving the pacification of the country. Apart from the amount of votes polled by the NUF during the last elections mentioned earlier, the group is of considerable importance as a possible coalition partner for future cabinets.

General Ne Win's regime seems to be the only solution to the survival of Burma under the present almost chaotic political rifts. The animosity between the prominent political leaders appears to be irreconcilable and the time has certainly not come yet to entrust the fate of the country again to the leading politicians, however honest, devoted and efficient they may be. But after a period of discipline and moral de-poisoning, there is all reason to hope that Burmese democracy will rise like a phoenix from the ashes of its past mistakes.

## COMMUNES AT FIRST HAND

*By Bernard Buckman*

I HAVE just returned from a two-months' business visit to China—my third during the past five years. When I left the UK at the end of September "communes" were headline news although no one writing in England at that time had actually seen one. I therefore had a great interest and curiosity to see this vast new "plan for living" in operation, but, apart from that, it was important to me as a businessman to examine this latest method of speeding up production.

Seeing industrial centres, towns factories and commercial organisations is part of the normal routine of any visiting businessman, but I asked to visit the communes. No objections were raised and I spent some time in three separate communes — one in the south about 40 miles from Canton, another in the north about 20 miles from Peking and a third in the environs of Tientsin.

What was a "commune"? Interpreters and English-speaking Chinese acquaintances spoke glowingly of these groups of villages and farms which had banded together under a self-elected local leadership in order to pool their entire labour force and resources and to develop at full speed an integrated industrial and agricultural unit. "A stage in the long road from Socialism to Communism" they called it. Eventually there would be no need for private property at all because there would be so much of everything that everybody would be able to satisfy his needs. When some of us expressed doubts that this sounded somewhat Utopian, we were met with the suggestion that perhaps the free and unrestricted use of water in Britain might seem equally Utopian to certain middle eastern countries and yet we did not seem to have major problems about whether one man used more than another or tried to get more or to hoard more.

Sunday is a day off and offices and factories are officially closed. But in the tremendous surge and enthusiasm of the drive for bigger and better production, there is always some sort of activity in full swing. And so, on a Sunday morning,

*The writer is Vice-Chairman of the London Export Corporation.*

we set off, an Australian businessman, an interpreter, the chauffeur and myself. Outside our Canton hotel, in the car park, there were Jaguars, Morrises, Prefects, Triumphs, Austins, Mercedes Benz, and the Russian giant Zis, Zim and small Moskavas. We drove off in a Moskava, through the countryside and arrived at the central village of the Wang Poo commune. Work in the fields, of course, goes on as it does throughout the world when the weather is favourable, but through the streets villagers clad in the shiny black cotton suits of the Canton area bustled along with baskets of fruit slung over their shoulders on bamboo poles, or carried scrap iron for the local ovens.

The Chairman and Vice-Chairman of the Commune greeted us warmly and charmingly, conducted us to a large old house which was their headquarters and led us into the one large room it contained. In one corner of the room was a heap of grain. In another a couple of beds. Over a cup of tea we were invited to start asking whatever questions we wished—and to give our criticisms. Foreigners and visitors are always pressed: "Please give us your criticisms; don't tell us what's right, tell us what's wrong." The request is made seriously, one is expected to answer seriously. How did this Commune start? Why did it start? What do the people gain from it that they could not have had without it? How was it run? What was their plan for the future, for education, health, family life? How about people who did not want to join a commune? As our questions were translated, they were written down. Criticism? Well, we had noticed that the streets were littered with bits of paper and that there were a great many flies. In view of the national hygiene and tidiness campaigns, this seemed wrong.

They began by apologising for the dust and dirt, explaining that all available hands were gathering in the bumper harvest. The flies? Past campaigns had indeed cleansed the district of flies, but at the moment fallen fruit was deliberately being allowed to lie on the ground and rot down for soil fertilisation. Next season they would have a sterilising chamber for their compost.

The commune started by following the example of



## "actually I'm a private secretary ...

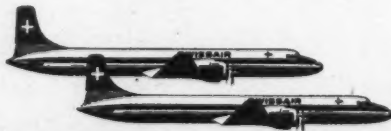
and I'm waiting for my boss. He's flying in from Europe—by SWISSAIR as usual—so he's sure to be in a good mood!" Yes, men of experience know that precision, personal attention and luxury-plus distinguish each Swissair flight. For your next business trip to the Far East, fly by fast, modern DC-6B, weather-radar equipped, offering luxurious First Class (sleeper-seats and à-la-carte meals at no extra cost, berths if required) or unrivalled Tourist Class.

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Honan, the first of the communes. The press had published the results of the Honan experiment, where the results had been astonishing, exceeding all anticipation. A great stir had been created and meetings had followed in many parts of the country to discuss the idea. Last July, several people in the Wang Poo area called a meeting to discuss what they would do about communes. The first response was encouraging but by no means unanimous. Day after day, meetings followed and pros and cons were argued out. Eventually, there was a big majority in favour of trying. So, on August 28th, their commune was officially born. What of the minority? When people see how much better and happier their lives can be and when they feel that each man and woman is working for and helping every other man and woman, they like to join with their friends and there is no problem. Why did they join in a commune if things were already improving so much without it? This was apparently in order to coordinate labour forces and organise more efficiently. It seemed to them, the chairman said, that the central control of labour was as necessary and natural a development as factory mass-production in order to provide more food, more clothes, better houses, education and all the necessary components of a higher standard of living. To take one example: the area suffered from floods each year and they needed to build a dam before the next flooding season. Previously, even with the labour of collectives and co-operatives, it would be done piecemeal, but now, being able to tackle the job with a much greater force, they reckoned to complete it safely before the danger period and so save a season's crops.

A locally elected governing committee runs the commune, but who elects the committee? Each group of 100 adults (male and female over 16 years of age) elects one of its own number to serve on a representative committee. This committee in turn elects from itself the directing committee which is designed to include at least one expert for each component in the district agriculture and industry. Three out of the 17 were Communist party members. Several times they asked us please to remember that they were only in the very primary stages of their commune and would improve as they went along.

After a two hour session of questions and discussion we felt we should go over the commune, meet as many people as we could and ask questions as we went along. The pattern in Wang Poo was more or less the pattern of the other two communes I visited later and is apparently the pattern throughout the country. There are, however, many variations in the standards reached, since a great deal depends upon the stage or development in each locality and the availability of resources. There are also some variations in internal methods.

The first aim everywhere is the rationalisation of the labour force and the integration of agriculture and industry. In Wang Poo they were bringing factories close to the sources of raw material and had canning factories for their fruit, paper mills and glassworks. Accommodation had to be found for 1,000 people in an area where previously only 200 lived. On one of the walls there was a colour project of the model village they planned to complete within three years—single family houses, five storey apartment blocks, new roads, sanitation, public utilities, and so on. But at the present time living conditions were simple and austere, reminding one of British army camps at the beginning of the war.

Meals in communal restaurants were delicious and varied—baked fish in sweet and sour sauce, fried rice with egg

large prawns in a subtle tomato sauce, soft chicken livers, mushroom and cauliflower, crispy chicken—these were all dishes served on the regular menus in addition to rice and a soup. Pork is still a treat, once a week or so, rather like our own Sunday joint or roast chicken. These meals were served quite free, as part of the communal service and the amount was not restricted. Villagers could also take food away, cooked or uncooked, to eat in their own room. Most married people had their own room, but the unmarried shared rooms or slept in dormitories, using communal sitting rooms, libraries or study rooms. Nurseries and kindergartens looked after the children under school age while parents were at work. Mothers could either fetch their children home at night or leave them to sleep in the nursery. Not all mothers went out to work and those who stayed at home generally did not send their children to a nursery. There were eight primary and secondary schools—they told us proudly that formerly there had been only three.

In all the communes I visited, food, housing, education, medical treatment and medicines and care of the young and of the aged were provided free—and this is the general pattern. Additional free issues vary from commune to commune. There was no rigid pattern of living or segregation of groups in the communes I visited and certainly the mothers we saw and spoke to appeared to be very happy indeed to leave their children in a day nursery or school. But I did hear of certain communes where over-eager committee members suggested that, in the interests of greater efficiency, the aged and the young should be cared for by qualified people in separate accommodation, leaving the working population greater time and freedom. Mao Tse-tung, we were informed, had thereupon criticised the dangers of such a tendency, saying you cannot have a healthy body if you cut off the head and the tail.

Iron equals steel and that means industrialisation. That is why steel production is essential for everyone in China today, and in villages and backyards home-made ovens are used for melting down scrap and rough ores into pig iron, to be sent to the big refining centres and turned into steel. I saw and photographed some dozens of these primitive ovens and inspected newly-formed "shops" where machine repairs were done and small articles like hubs and ball-bearings produced. Methods and means of production were simple, amateurish and in some cases unbelievably improvised—but they produced and were watched, coaxed and improved with loving care.

In one village I noticed that while a circle of 24 ovens had been erected, only one was working and asked why. "We need to have experience first from this one, then we will trim the others and start them up." "How much more experience do you need?" "Two or three days." "How long have they been up, then?" "Two days." When I repeated "Two days?" they were surprised at my astonishment. It is this speed, this driving enthusiasm to learn, correct and go on which makes possible the fantastic production figures. Let me put one or two facts very simply. Last year, China produced: (a) more coal than we ourselves have produced—270 million tons against Britain's 210 million tons; (b) more cotton than the US—3.5 million tons against 2.9 million tons; (c) 11 million tons of steel, of which 2 million tons came through the home-made ovens. UK steel production is just under 20 million tons.

There is no indication that this is a flash in the pan or that the process will slow down — on the contrary, greater experience, new machinery and the opening up of untapped



Homemade Iron for steel

B. Buckman

and undeveloped resources will more than compensate for any slowing down in the tempo of the individual worker. It would be a very grave mistake for us to allow ourselves to be misled into concentrating on mistakes or differences and assuming that they represent any fundamental opposition to the regime, because there is no doubt whatsoever that the vast majority of the population at all levels backs the present programme. Indeed, without this backing, present results could never have been achieved, whatever the directives and supervision.

It is important for us, therefore, to understand what is happening in China and to realise the significance of the political and social implications of this vast change. But it is my particular job to deal with commercial relations and here I know what gigantic possibilities exist—and are being missed! It is no use lamenting the past—even the past two or three years when, through reservations and hesitations, we have missed millions of pounds worth of business which other European countries have been very happy to pick up. There is still, however, goodwill and friendliness towards the British people in China, even despite the occasional poster campaigns when they feel we are becoming involved in aggressive acts against them. The current "Beat Britain in steel production" campaign is by no means anti-British. In a way, it is a back-handed compliment. Britain is one of the great industrialised commercial nations and to be able to quote our steel production figures as a target which they can attain within a couple of years if they drive hard enough is obviously of great propaganda value. No doubt it will shortly be "Beat the United States," and even, perhaps, one day, "Beat the USSR."

Economically, we must remember that the greatest volume of trade is always done between industrialised nations where rising standards of living create greater demands so that in spite of her home production, China's development offers outstanding opportunities for an expansion of our own markets. If you could see, as I have seen, the number of businessmen visiting China from West Germany and other western countries you will realise why I urge so seriously that we rid ourselves of reservations and inhibitions, of which we have had too many, and use instead the resource and initiative, of which we still have plenty, to establish our own position in this vast, unique and, at the present time, not unfriendly market.



## ASIAN SURVEY

### INDIA'S GROWING PAINS

*By Our New Delhi Correspondent*

**I**NDIA is steadily shaking off its long penance of poverty. Development projects, long under way, are beginning to breathe fresh hope into a hard-toiling scene. Rourkela and Bhilai—two large steel plants with assistance from West Germany and Russia—went into production recently. The first blast furnace at Durgapur, another steel plant with British aid, will start functioning before the end of the year. Together the three plants, before the Second Plan period, will contribute half the Plan target out of a total target of six million tons.

These steel plants form a crucial link in the long chain of India's Plan projects spread all over the country. This is where one witnesses restless activity and dedicated work of countless hands beginning to bear fruit. One hears here the first murmurs of India's awakening, of change, of unsettlement. Old traditions, old concepts of work, satisfactions and desires, slowly dying, are giving place to new hungers, new forms of corporate thought and life. The old tranquillisers of religion too are slowly losing their timeless validity. These are the spots from where the Industrial Revolution will gradually fan itself out to the entire country. The

impact of this change, of this revolution, disturbing the surface quietness of centuries, has, however, not yet quite penetrated average life. The common man is only dimly aware of it; he is more badgered by its negative day-to-day aspects—the rising cost of living and the growing tax burdens.

All the major stresses and strains of the Indian situation have been reiterated during the current budget session of Parliament. The budget itself, with its new imposts on vegetable oils, Khandsari (crude sugar), cigarettes, art silk fabrics and a costlier road transport shows that the common man in India is in for another spell of hardships. It will take another seven years or so—till the end of the Third Plan—for the Indian economy to become, in the words of the President, "self-reliant and self-generating." Till then the period of travail must be suffered. In Britain, it was largely the industrial workers and the people in the colonial possessions who bore the brunt of the Industrial Revolution; in Russia it was the agricultural classes. In India, however, it is the middle class, the unskilled worker and the landless peasant, who happen to carry the cross.

The new budget levies and deficit financing to the tune of Rs.245 crores, are pointers in the direction. They will further cut into the common man's real earnings. The abolition of the Wealth Tax on Companies and the Excess Dividend Tax, on the other hand, shows the Government's firm intention to encourage corporate enterprise. Soon after the budget announcements, the popular scrips registered a spectacular rise. There was a rise of five to nine percent in prices of Industrials. This showed quick response to the Government's gesture.

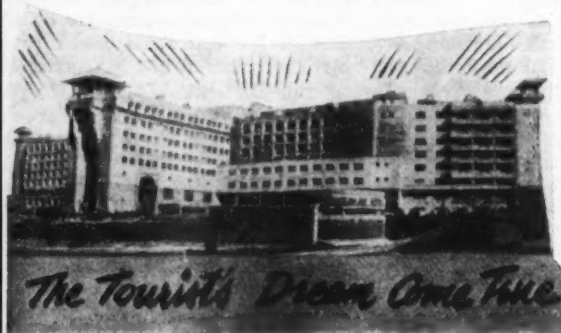
The debate on Cooperative Farming continues to hold the field. Though Mr. Nehru has made it clear, more than once, that there is no intention of violating individual property rights and for a period of three years, service co-operatives will be encouraged, the people and parties right and left of Congress are trying to subvert the issue. The rightists, headed by Mr. M. R. Masani, are trying to conjure up false visions of bloodshed and the ultimate danger of collectivisation. Those on the left, particularly the Communists, do not want the ceiling surplus land to be vested in Panchayats to be run as Cooperatives. While a lot of dust is being raised by this controversy, the cooperative movement cannot be said to be waiting for an initiation ceremony. Already there are 2,000 cooperative farming societies functioning in this country, though the credentials and functioning of many leave much to be desired.

Out of these there are 1,357 societies, where cultivation is being undertaken jointly and amongst these there are 966 joint farming societies and 391 collective farming societies. The target for the remaining two years of the Second Plan is another 3,000 cooperative farming societies. If this target is reached the cooperative movement will have taken strong roots in this country and its future will be dependent on the zealous pursuit of the ideal by the party in power.

On the political side, the Congress Party edifice is becoming increasingly identified with the seats of executive

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authority. The Congress Chief Ministers of States will now be members of the Congress Working Committee, in place of the Pradesh Congress Presidents who will attend the Committee meetings as invitees. This will perhaps make for greater integration and elimination of constant friction between the local party bosses and those in power on its behalf. This is presumably required for a more effective execution of the party programmes. This may also be the logical outcome and explanation of Mrs. Indira Gandhi, Nehru's daughter, taking over from Mr. U. N. Debher, as Congress President, nine months before his term had expired. There has been much criticism of this change. It may be wrong to blame Nehru for it. He has only accepted the change. But calculating the advantages objectively, it makes for more intimate liaison between the supreme party head and the top seat of authority in the country. This may help to implement the Nagpur resolutions on agrarian reforms with a certain single-minded determination.

## American Tentacles

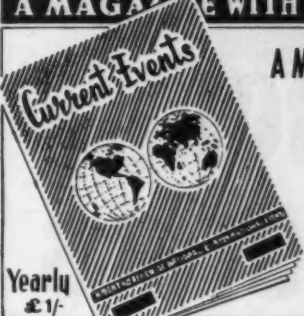
*From a Correspondent in Delhi*

The number of Americans in India seems to increase day by day. The British were not able, in their 200 years of rule, to create such large numbers of organisations as the enterprising Americans have done over the past few years. American or US-inspired institutions are springing up all over India providing most diverse channels for the desired influence which Washington apparently hopes to achieve in the country. There are several hundred non-governmental organisations which maintain contact in India through special representatives. They range from Harvard and Columbia Universities, the American War Veterans Society, and the Girls' Friendly Society to Philatelists' Pen Friends, from the Augustana Lutheran Church to the World Vision Society or the American Jesuits in India. Most prominent, of course, are the activities of the Rockefeller and Ford Foundations which seem to have penetrated into almost every field of Indian life. Scholarships are offered in profusion, and Indians of varying degrees of prominence are invited to pay visits to the US, however brief. Even Mr. M. A. Ayyangar, Speaker of the Lok Sabha, found time to "study" the US for a few days recently.

In every town there are reading rooms of the United States Information Services who also efficiently run lectures and discussion groups intended to bring the US nearer to Indian understanding. There are lending libraries and prominent window displays and film shows, and a plethora of free literature explaining the American way of life. USIS is undoubtedly making a good job of its opportunities, for they are frequently organising activities of real help to India. Thus documentary films are taken in the various States of India which are then put at the disposal of the respective local governments. There is undoubtedly a certain impact on the press which makes copious use of American material. In fact, the fruits of American influence on some journalists occasionally startles readers, like the following precious sample:

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is the cynosure of the eyes of not only all Indonesians but also those of Dutch colonialists . . ." (from "Quiet Nasution Terror of Dutch Colonialists" by D. R. Rajagopal, *Sunday Standard*, Madras, 25 January, 1959).

The drive for the soul of India seems to have fired Americans at home as well. Mr. Harry Plissner, a garage plot proprietor from Miami, a few months ago inaugurated a campaign by which every Indian who writes to him, receives subscriptions to American magazines free of charge. Many thousands have responded to this invitation and free copies of *Readers Digest*, *Life*, *Time*, *Look* and other missionaries of the "American way of life" are beginning to flood Indian homes. Among major shipments in an extension of this programme, is one of ten tons of American books recently sent to Mysore.

The most visible penetration of America into India, is economic. While there is an increasingly strong feeling in Washington in favour of major economic aid to India, there is undoubtedly also an attempt to combine the saving of that country from Communist influence by creating a profitable market through some form of economic colonisation. Apart from international-looking investments which, in fact, also represent American capital, a considerable amount of American private firms are now participating in the industrialisation of India, a process which is strongly reminiscent of US interests in Japan. The former method is typified by the recent International Finance Corporation investment in India to the tune of \$1,500,000 which is to help the Republic Forge Company of Hyderabad to produce urgently needed forged equipment. At the same time, however, the Indian firm will cooperate with Bayles & Associates of Pittsburgh and the Steel Improvement & Forge Company of Cleveland, Ohio. This method consists of a veritable wave of American investors queuing up in New Delhi for permission to participate in or establish small industries.

While the undoubted immediate financial benefits of this new American interest in India are welcomed by many Indians, others wonder whether the US is not gradually achieving economically what she failed to achieve politically, that is to draw India from her uncommitted position into what may be called "committed neutrality."

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## Pakistan

### Drive Against Corruption

*From Our Karachi Correspondent*

With the approach of summer, though of course not because of it, something like a temporary lull has now set in here. This does not mean that the new regime having ground itself to a standstill has reverted in the time-honoured manner of previous Governments to a pattern of floundering indecision. On the other hand, some of the more important reforms are yet to come, notably the reforms in Law and the Educational system which now await the findings of the respective commissions set up some time ago; and the Constitution, which is the country's most urgent need at the moment, has yet to be announced though its basic principles are being debated and discussed in the press at the moment of writing.

Meanwhile, with the return to some measure of normality here, the new regime is confronted with what is really its gravest problem and that is the suppression of corruption and all the myriad forms of malpractices which have choked the development of this country in the last eleven years. Although totally suppressed in the early days of Martial Law, there are disturbing signs that some of the more persistent malpractices are once again creeping back. In the last month emboldened, no doubt, by the various indulgences extended to old offenders and by the restraint with which the dire punishments of the Martial Law Regulations have been administered, the blackmarket and certain other malpractices have once again raised their ugly heads to the alarm and consternation of many who had naively believed that the business community had been sufficiently chastened to preclude the recrudescence of such activities. But the conflict in Pakistan, if we may phrase it in this way, is really between the laws of economics and the laws of the State and it is a conflict from which the State must emerge triumphant if it is to do the difficult job of restoring public confidence in the Administration which has hitherto been conspicuously absent in this country.

The new regime's answer to all this has been swift and characteristically drastic. Its determination to root out all such corrupt practices is underlined in the conviction last month of Mr. Khuhro, reputedly one of the strongest and seemingly indestructible personalities of the *ancien regime*, formerly Prime Minister of Sind and lately Minister for Defence in the ill-fated Noon Cabinet. Arrested within the first week of Martial Law on a charge of blackmarketing a Chevrolet car, Mr. Khuhro now has the invidious distinction of being the first minister to be awarded a jail sentence. His sentence of five years imprisonment with a fine of Rs. 150,000 emphasises the fact, if such facts still need emphasis, that the age of the dinosaurs in Pakistan is rapidly drawing to a close.

Closely following the conviction of Mr. Khuhro came the announcement of two extremely tough Regulations both designed to strike with tremendous power at the re-emergence of the blackmarket and other malpractices which are linked to it. In the first place, all offences committed in breach of the Martial Law Regulations will now be tried not by the civil Courts as hitherto (except in special cases) but by special or summary military Courts; and the sentences



imposed by such Courts will not require confirmation and may be executed forthwith. The effect of this Regulation is virtually to introduce a dual juridical system in this country which the new regime, appreciating its manifold dangers, has striven all along to avoid. It will be remembered that summary military Courts were imposed in the earliest days of Martial Law but rapidly withdrawn as soon as their urgent need was no longer felt, but were subsequently re-introduced at a later stage in order to deal with certain specific offences, notably smuggling, which because of its serious repercussions on the economy of the country, required the firmest of measures to eradicate in the shortest possible time. The new Regulation now removes from the civil Courts all jurisdiction to deal with Martial Law offences and since many of the Martial Law offences are equally punishable under the Pakistan Penal Code its import clearly is that the civil Courts with their procedural delays and their past susceptibility to extraneous pressures have failed to do the job. The military Courts will now make certain that punishment will be swift and sure and that the sequence between crime and punishment is no longer broken by legal quibbles or by other considerations.

In the second place, another Martial Law Regulation, much more pervasive and significant, now makes it obligatory on all citizens to report "as soon as possible any known cases of bribery, smuggling, blackmarketing or hoarding to the Officer in charge of the nearest police station." The failure to report such cases will entail a fine of up to Rs. 5,000 and imprisonment of up to one year. The regulation however goes on to state that "those who without having given such information, spread reports that such offences are being committed, will also be liable to the same punishment."

If these two Regulations taken together appear to be unduly harsh, and no one can claim that they are other than that they reflect the increasing anxiety of the new regime to prevent a sharp flagging of public morale which for the first time in many years has started to show perceptible signs of steady improvement. It must be remembered, too, that the new regime has so far conducted itself with the utmost propriety notwithstanding the tremendous panoply of powers at its disposal and there are no signs to indicate as yet that despite these Regulations it is prepared to abandon this policy of calculated restraint.

A third equally drastic measure aimed this time at purifying the Administration has also been promulgated by the President by which the dismissal of inefficient and corrupt Government servants becomes more or less automatic and beyond the appeal to any Court of law. This Order which comes into force at once and with retrospective effect withdraws the safeguards which hitherto protected civil servants from arbitrary dismissal and victimisation, but their effect down the years has virtually been to make difficult if not impossible the punishment of corrupt and notoriously inefficient officials. With these safeguards totally withdrawn the way is now open for a drastic purge of all such corrupt elements whose presence in the Administration has not only been a crying scandal but an important contributory cause of the debacle of the last eleven years. With the purging of the Administration the first great step towards the rehabilitation of law and order will really have been made. The high traditions of the civil service which had fallen into disrepute, and even contempt, must be restored if the country is to progress beyond its present state of lawlessness and institutionalised delinquencies.



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ESTABLISHED 1949

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Issued and Subscribed ...	Pak. Rs. 6,00,00,000
Paid-up ...	Pak. Rs. 1,50,00,000
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### Hong Kong

## Dr. Kung's Libel Suit

From Our Hong Kong Correspondent

Dr. H. H. Kung, husband of Madame Chiang Kai-shek's sister and former Financial Minister of the Nationalist Government, has brought an action for libel against the *Sing Tao Jih Pao*, an independent vernacular newspaper. The hearing lasted two days; and then one month later Dr. Kung was awarded HK \$10,000 for damages by the court.

The action was caused by two articles which appeared on November 25, 1956. One said that Kung should be put on trial, and the other asked if "he came again for speculation." He was also referred to as "a white Chinese," meaning a man who has been denounced by his native country. When Dr. Kung heard of this in the United States where he resided, he instructed his lawyer in Hong Kong to complain to *Sing Tao*, and demanded a huge sum of money for "damage to his reputation," besides an apology to be put in all the local main papers. As the *Sing Tao* rejected the demands, the case was finally brought before the court after two years and two months.

No one would speak in defence of libel itself; and to check the tendency of libel in the local papers substantial

finances may be justifiable in most ordinary cases. But this is a very particular case, in which the plaintiff is generally believed to have scraped a fabulous fortune from China while he was in office. At least one scholar has made a name for himself by making a detailed study of the properties of the Four Big Families of China, of which Kung is the first. So in speaking harshly of Kung the *Sing Tao* simply voiced the popular sentiment, though, unfortunately enough, it might have been ill-worded; and if the case be put to public census, nobody would doubt the result. Indeed, Kung is so much out of popular favour, that the money awarded by the court was reliably reported to have been offered to one of the local refugee-camps (mostly former military and civil Nationalist officers) and it was refused!

This is not the first law case in which Dr. Kung's name has become involved here since the collapse of the Nationalist government in the mainland. Some years ago a former Nationalist general was stabbed by one of his friends for writing a biography for Dr. Kung. He was alleged by the ghost writer to have withheld from him the money which he had received from a certain source. The defendant's statement at the court was, indeed, pathetic, in which he said, "It pinched my conscience to write (flattering) biography 'for the public enemy'; and then I was deprived of the fruit of my labour!"

## Japan

### China's Trade Challenge

From Stuart Griffin

(EASTERN WORLD Correspondent in Tokyo)

Japan is in the economic doldrums, so far as trade with the Communist Bloc in Asia is concerned. Communist China, with which import-export is at an impasse despite Peking mumblings about lifting bans at least so far as lacquer and chestnuts are concerned, menaces Japan in its traditional South-East Asian backyard. And the Soviet Union's siren song of lush trade, sweet to the ears of Burmese, Indians, and even Pakistanis, sounds hollow to anxious, trade-hungry Japanese ears. Russian commercial contracts all too often have turned into useless scraps of paper.

China is striking Japan where it hurts most, in Indonesia, Ceylon, Burma, Laos, Viet-Nam, India, Pakistan, Cambodia, Thailand, and Malaya. Peking has mounted a giant trade offensive, using bargain-basement tactics in hopes of reaping a political as well as an economic windfall. One-third of this nation's trade is with South-East Asia but Chinese exports, flooding the rich entrepot Hong Kong and Singapore ports pour into Bangkok, Djakarta, Kuala Lumpur, Calcutta, Colombo, Vientiane, Phnom Penh, Saigon, and Karachi, snapped up readily despite dubious quality, because of the cheap price.

What worries Japanese most is that the People's Republic can sell not just consumer goods like rice and textiles but also industrial items, cement, steel goods, insecticides, construction items, coal, light machinery, even coastal ships. A big helping hand is stretched out by the

10 million overseas Chinese, the *kakyo*, who dominate South-East Asian commercial life. Many local Chinese, many of them Mao Tse-tung sympathisers, receive mainland goods in Hong Kong and Singapore, ship them by junk and rail and bus to Bangkok, Djakarta, and even Manila clearing houses.

Long-term, low-interest loans finance this trade, loans provided by the Bank of China and the China People's Bank, both large and with many overseas branches. Japanese do not say that the majority of *kakyo* are fellow-travellers but they realise that signs of economic vitality at home impress the shrewd Chinese merchants in South-East Asia. Chinese communities abroad could become built-in Trojan Horses for Peking.

The threat is greater from an economic standpoint, however, Peking can always manage to undercut the best Japanese prices, even those described by Japanese as "rock-bottom." Japanese ships cannot compete with low-cost junk transportation, any more than Japanese industry can withstand the threat from extremely cheap labour-wage Chinese industrial economy. China indulges, most Japanese agree, in a deliberate dumping operation.

Why is this so? Japan is of interest to China politically, if not economically. Why make Japan angry by shutting the rival nation out from its historic market area? The best guess is this: Chinese dumping in Asia is a form of blackmail. Tokyo is being told, trade with us, and on our own dictated terms, or face the consequences of a loss of your old markets to us.

China too, perhaps, likes to flex muscles in a realisation of its new-found industrial strength. China is perhaps seeking to carve out a significant new economic sphere in the heart of the Far East. Chinese leaders may well, for political gain reasons, be trying to impress the Chinese overseas commercial community, the 3.5 million *kakyo* in Malaya, the 2.5 million in Thailand, and large numbers in South Viet-Nam, Indonesia, Burma, even the Philippines.

How can Japan meet this threat head-on? Or must Tokyo bow to the Chinese economic advance, and accept the loss of its South East Asian trade? Will Japan be thus pressured into new ties with China, as a compensation for the loss of the old markets? The Japanese cling to one hope, and it is a good one. China is in no position to supply the region's growing industrialisation needs. But Japan, with its knowhow, its capital, its skilled labour, can; it can, in fact, even supply what China needs and can get only with some difficulty from the USSR.

On this basis, but this alone, Japanese tend to remain doggedly optimistic about their trading future in South-East Asia. The score with Russia too shows no cause for optimism, despite the fact that on paper, private trade agreements with the Soviet total more than \$100 million. The cold fact is this: the value of goods exchanged adds up to a mere fraction of that figure. And many of the Russian imports arriving here are not the type contracted for, or at the price agreed upon.

Japan, Asia's most highly industrialised nation, needs none of the machinery which Moscow wishes to push on the uncommitted, neutral, and still largely agricultural nations of South-East Asia. Japan wants Russian coal, asbestos, minerals, raw cotton, platinum, iron ore, timber, manganese, and crude oil. But what Japan gets is below par in quantity, and often in quality too. The Soviets have

shipped about 50 percent of coal contracted for, their best record to date in order fulfilment, but the coal is often the wrong type, low grade, slow burning, and so dirty it sometimes needs a double washing. Timber and ore shipments are below volume requested, below quality standards too.

Petroleum shipments have become another chief bone of contention. Japanese importers claim they were promised supplies from the relatively nearby Siberian Maritime Provinces, but instead more costly oil has been shipped in from distant Baku, on the Caspian Sea. Japanese must pay exorbitant freight charges. The Russians complain the Japanese have been "less than enthusiastic" on their part. A nation which agreed to supply both wooden and steel hull freighters has dragged its feet. Repair of vessels, construction of tugs, harbour craft, and fishing vessels, often falls behind extended schedules.

Neither side seems particularly pleased with trade results to date. But the lack of trade is more serious for Japan than for the Soviet Union. Japan must find new export markets to replace those she has lost or perhaps stands to lose. And Russia at one time, on paper, and in the spoken word, seemed so very promising.

## Malaya

### Anti Measures

*From Our Kuala Lumpur Correspondent*

The majority of townspeople in Malaya are discriminating buyers, that is why this market is one of the best in Asia for products of a high-standard. Malaysians are fussy, they like a particular brand of shoe, a certain brand of cigarette and a good quality of cotton. In fact, their choice more often than not, overrides any consideration of price. New markets can be established in Malaya for new products, but they have got to be good and they need a lot of "sales talk" over many months before any headway can be made against competitors.

But Malaya's townsfolk are in a minority, for this is basically an agricultural country. The majority of people live in rural areas and thus are perhaps more easily persuaded. For several months now, Malaya has witnessed a number of cheap products being dumped onto the market. There is no doubt that many of these products have attractive appearances and, of course they are guaranteed not to do this, or not to do that. These cheap products have found willing buyers in the rural areas, but have made little impression on the town dweller.

They have been sold in Malaya at a price less than it cost to produce them. In other words, they were being dumped, either for political or economic reasons, but with the sole object of getting a foothold in the country regardless of how much the producer, or the country of origin, lost in the process. Now, the Minister of Commerce and Industry, Mr. Tan Siew Sin, has made it very plain that this dumping is to stop. In the Federal Legislative Council, Mr. Tan said if they continued to come into Malaya with impunity, the day would shortly come when there were no competitors, no factory jobs for Malaysians and no money to buy anything.

Not only would Malayan factories be affected — factories which the country was trying to encourage — but also other "fair" foreign competitors. Again Mr. Tan warned that once the dumpers had got the market to themselves, then the price would not remain low. It would jump. And Malaya would be left holding the baby, with its own factories closed down, its industrialisation programme retarded and many people unemployed who would normally have work.

The anti-dumping laws introduced in Malaya are not aimed at hitting fair competitors. If a factory in Hong Kong, or Australia or Indonesia can produce an article cheaper than it can be produced by a Malayan factory, taking into consideration transportation charges, then it has nothing to fear. But when it comes to an article being subsidised by a foreign government and then thrust onto the Malayan market undercutting this country's own products, that is another question. It is a menace which has now been nipped in the bud.

Malaya's 15,000 secret society gangsters and other "bad hats" are to be fought in a new way following the passing of the new Prevention of Crime Bill. These new measures are tough, but it is significant that trade unions and opposition members have voted for them. With the general improvement in the Emergency situation in Malaya (there are now only 359 armed terrorists at large in the country apart from 484 straddled along the Malayan-Siam border) there has been an upsurge in crime. This has been particularly noticeable in increased activities of secret society members, whose main acts of lawlessness are the squeezing of protection money from small businessmen, hawkers, hoteliers and such like. Anyone who falls out of line is brutally assaulted and sometimes murdered.

Under the new regulations, the police will be given powers to register all known "bad elements" who will have their names placed on a special register. But, no one will be placed on this "black list" until an inquiry officer, who has no connection with the police whatsoever, has satisfied himself that a person falls within the registrable category. Once a person is registered, however, he will be liable to be subjected to certain restrictions, which it is hoped will prevent or deter him from committing crimes, and if he does commit a crime, make it easier for the police to catch him.

A registered person, who is caught and convicted of certain crimes, will be liable to double the normal maximum penalty of imprisonment and if the court deems fit whipping also. But a registered person has the right to appeal to the Minister of Interior and Justice against his name being registered; also if a registered person does behave himself properly he has nothing to fear and after a reasonable period of good behaviour his name can be removed from the register. It is not intended to register persons for life.

Registered persons, too, will have to carry a special identity card, completely different from those carried by the remainder of the citizens of this country. These are distasteful laws, as everyone in the country realises. There is always the fear that they might be abused but as many precautions as possible have been taken to see that this does not happen.

When the Alliance Government announced the introduction of this new Ordinance, especially only a few months before State and Federal elections, it was anticipated there would be a hue and cry from many quarters, particularly



opposition parties. But, strangely enough, the introduction of these new regulations barely caused a ripple.

Trade union leaders and political party leaders admitted in public that while they did not like the new regulations, they considered them the lesser of two evils. Should crime continue to flourish unrestricted or should ways and means be placed on the Statute Book to curb criminals and gangsters?

One of the reasons for this upsurge in crime is that once the Banishment Law acted as a deterrent against many alien wrongdoers. Now, since independence, these former aliens have become citizens of Malaya and thus cannot be deported. Then again, like in so many Asian countries, many Malaysians are afraid to give evidence in open court against a gangster or secret society member who has been charged. They fear, and not without justification, retaliation being taken against them by other members of the gang or secret society.

Consequently, the police are up against a population of shy people who would rather continue being intimidated than make a stand against the "bad hats." Under the new regulations, the police are now given more power to act on their own. The main safeguard is that the inquiry officer will be a respected member of the public and he must first investigate each case before a person has his name registered on the "black list."

The object of this new ordinance is to prevent crime and if this can be achieved then however harsh the new regulations are, they will have served a purpose.

## Singapore

### "Honest Guys"

*From Our Singapore Correspondent*

As the general elections approach, the political scene becomes more confused. There are at least ten parties contesting the elections — the Singapore People's Alliance (SPA), the People's Action Party (PAP), United Malays National Organisation — Malayan Chinese Association — Malayan Indian Congress (UMNO-MCA-MIC Alliance), the Liberal Socialist Party (Lib-Socs), the Labour Front, the Workers Party, the Party Rakyat, the Pan-Malayan Islamic Party, the Citizens Party and the United Malay Front, which is about eight or nine too many. None of them has so far entered into an electoral pact although it is reliably reported that SPA/UMNO-MCA-MIC Alliance/Lib-Socs are likely to get together. The struggle for power will undoubtedly be between SPA and PAP.

The PAP reacted violently to a statement made in Kuala Lumpur by the Federation's former Prime Minister Tunku Abdul Rahman that he would be "going down to Singapore to put UMNO into shape and help the MCA to fight the elections." It was felt that the Tunku had no right to interfere in the Singapore elections.

Dr. Toh Chin Tye, PAP Chairman, at a pre-election rally, said that it had "been rumoured that the whole weight of the leadership of the Federation Government parties would be thrown on the side of the SPA during the Singapore elections." He went on to assert that the SPA was backed

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by "local pressure groups and bankers who finance the gangsters who do the running for the politicians" and "British and Americans who want a government which can be manipulated against the Communists." He laced this attack with an accusation that the Americans had paid a million Straits dollars into an account of a Singapore minister in the Singapore branch of the National City Bank of New York.

This forthright accusation caused something of a sensation. Many people thought that he had gone too far. But on the next day, Mr. Lee Kuan Yew, Secretary-General PAP, went further and named the Minister concerned as Mr. Chew Swee Kee, Minister for Education. He tabled a motion for the Legislative Assembly which reads as follows:

That this Assembly is of the opinion that a Commission of Inquiry should be appointed under the Inquiry Commissions Ordinance or otherwise to investigate and report on the facts regarding an account of about \$500,000 in September, 1958, in the First National City Bank of New York in the name of the Honourable Mr. Chew Swee Kee and regarding the reasons why investigations into the matter for the purpose of income tax were not pursued by the officers responsible in the Income Tax Department.

Mr. Chew said: "My conscience is clear, I have nothing to fear," and promised to reply in full to the Motion when the time came. On the eve of the debate, however, on March 3rd, he resigned both from his Ministry and the Legislative Assembly. As to his future, he said: "I will fight the election under the SPA banner. I can now have more time to devote to party organisation."

The next day, in one of the most sensational sessions of the Legislative Council that Singapore has ever known, Mr. Lee Kuan Yew elaborated on his charges. He said that Mr. Chew Swee Kee had (i) in 1957 received \$300,000

(Straits) for his party, partly for the City Council elections (ii) in 1958 received \$500,000 for the same political purpose (iii) paid \$30,000 for the purchase of a house. He alleged that the whole affair had resulted in the acting Controller of Income Tax dying of heart failure, one Minister resigning (Mr. Chew Swee Kee), and that the substantive Controller of Income Tax now away on leave may possibly never return to Singapore. He said that although the SPA had branded the story as a "stupid lie" there was little the PAP did not know about the case, and Mr. Chew's resignation proved the truth of the charges. Earlier on, when the charges were first levelled, the manager of the National City Bank had denied that Mr. Chew had an account in the bank and American consular officials in Singapore had denied that any money had been paid from American Government sources, but Mr. Lee said it was a major blunder "made by a political party, with the help of bank officials and consular staff, to deny the truth." He said that he had the permission of Mr. Francis Thomas (until recently Minister for Works & Communications in Mr. Lim Yew Hock's Government) to disclose that Mr. Chew told Mr. Thomas at the end of 1957 that he had got \$100,000 (US) in gold for the party. Mr. Lee added that he had wanted to congratulate Mr. Chew for his salesmanship in having got \$500,000 (Straits) in "hard cash from hard boiled Americans" but Mr. Chew was not present as he had decided to resign. Mr. Lee said that he was not the least bit interested in a court of inquiry now as the facts spoke for themselves.

Mr. R. Jumabhoy (Lib-Socs) then spoke and revealed that he had received reliable information that Mr. Chew had bought yet another house in Singapore for \$75,000 and had acquired tin mining interests in Ipoh. "The income of ministers was limited," continued Mr. Jumabhoy, "and with the high cost of living how could so much money be saved in three or four years?" Mr. Jumabhoy sought to add to Mr. Lee's motion a demand for an inquiry into the assets of Ministers, movable and immovable, both in Singapore and elsewhere, and in their own names or the names of their relatives, but the Speaker ruled it out of order.

When Mr. Lim Yew Hock (Chief Minister and leader of SPA) replied to Mr. Lee Kuan Yew's charges against Mr. Chew, he said that he knew very little about the source of the funds referred to but he could say "with all sincerity that they are not from an American source at all." He added that in spite of Mr. Lee's wish to withdraw his motion calling for a Court of Inquiry, he accepted the motion and would appoint such a Commission although he realised that it would be to the disadvantage of the political party being examined since there was to be a general election in a short time.

Mr. Lee winding up the debate said that Mr. Francis Thomas was the "only honest guy in the Government." Immediately, Mr. J. M. Jumabhoy (Minister for Commerce & Industry), jumped up and said, "Is the member insinuating that all other members are dishonest?" The Speaker intervened and said that if Mr. Lee had in fact inferred such a thing he should withdraw it. Mr. Lee replied: "I'll put it this way. All are honest but he is known to be honest." But the Speaker was still not satisfied and asked Mr. Lee to withdraw his remarks, to which Mr. Lee replied: "Well, it does not matter as long as the public knows."

When the House was asked whether it agreed to Mr. Lee's motion calling for a Court of Inquiry to be withdrawn, it voted unanimously against withdrawal. The Court of Enquiry promises to be a most interesting one.

## Australia

### Internal and External Strains

From Charles Meeking

(EASTERN WORLD Canberra Correspondent)

Internal development pressures in Australia, including such items as a proposed new steel industry, an immense highway improvement plan and the settlement of the remote and almost empty north-west corner of the continent are all linked to growing appreciation of the fact that Australia is in the Asian area. It is unfortunate that more Asian leaders have not come to Australia, and that so few Australians, including many politicians, know much of Asia. If the recent visit to Canberra of the Indonesian Foreign Minister, Dr. Subandrio, did nothing else, it at least awakened Australians to realisation that their major future for peaceful relations and for trade lay in the Asian area. Britain has probably accepted the situation long ago. The United States may not yet have done so.

Australia, of course, is no longer a major factor in American planning for Pacific defence. Canberra still regards SEATO as a major reassurance in the event of war in Asia and as a strong ally in the fight against Communist subversion in South-East Asia which presents the major problems of Australia's current foreign relations, including its attitude towards Indonesia and the West Irian dispute. An outstanding factor in the last year or so has been the astonishment in Canberra at the policies of both Washington and London towards Indonesia. Now, with some hesitation, those policies are being followed here, accompanied by a new but restricted outbreak of harmful hysteria on the part of a section of the Sydney newspapers — three of the four dailies now being under one controlling group.

It is unfortunate that some sectors still go out of their way to be offensive to our Asian neighbours, to suggest that they will inevitably succumb to Communism, and to assume, apparently, that Australians should take no heed of what is really happening as a result of Asian reassessment of world trends.

Yet Australia, with 10 million people, is still the least densely populated country on earth, with 3.2 persons per square mile. Indonesia has 145.9 persons to the square mile, and believes that its present 85 million people can be increased to 200 million within its own boundaries. At the same time, with wool prices still depressed and with the outlook for metal production and sales not buoyant, the need for exploiting Asian markets with Australian grown food and with manufactured products is glaringly apparent. Lip-service is given to this objective, of course, but price and quality have to compete against subsidised American and German wheat and against the ingenuity and ability of Japanese and East European manufacturers.

The aftermath of the Subandrio visit dismayed the Indonesians a trifle and astonished the Australian Government. It represented a concession by Australia, admittedly, not to the Indonesians but to the commonsense view of the general situation. Now in some quarters the attitude appears to be that the Dutch will not leave West Irian, so it won't matter anyway.

What the Dutch decide to do may depend largely on the result of the recent election in Holland. In the long-range, however, it seems certain to most intelligent observers that Indonesia will gain the area, by peaceful means, within a decade. Therefore the Australian decision not to oppose a peaceful take-over, while in marked contrast to some fiery speeches in the United Nations a few years ago, was a sensible one. It was a shrewd blow at Communist aspirations both in Indonesia and the rest of South-East Asia, and the Australian Government regards it as such, although it is not saying so openly, which is rather a pity.

The projected visit by Mr. Menzies to Djakarta next October, long overdue, may take the general relationship further. If by then some signs have appeared of a West Irian settlement, the Australian Prime Minister would be justified in raising with Indonesia the possibility of a mutual pact against aggression from elsewhere in Asia. He might well find the response more cordial than he expected.

The great achievement of the Subandrio discussions and the subsequent communique is that a degree of Indonesian goodwill has been gained. This should be followed by some major Australian gesture, such as some major economic and technical help for Indonesia, to consolidate the friendly sentiments which are undoubtedly genuine but so far nebulous. Consolidation of a stable Indonesia is or should be the major objective of Australian foreign policy for the next decade, for security reasons, for trade expansion moves, and, by no means least, for the humane purpose of lifting the living standards of a nearby and friendly people.

Once this view is accepted by a majority of Australians then progress will be possible. It is already obvious that except for a small clique in Sydney, actuated largely, perhaps, by political and personal hostility to Mr. Menzies, many Australians accept this outlook and are prepared to back it by action. If the Government realises this trend, and follows it, then prospects generally will be much better.

## United States

### The 50th State

From David C. Williams

(EASTERN WORLD Washington Correspondent)

While other tropical lands have won — or are seeking — independence, the Hawaiian Islanders have but one desire, to become more closely attached to the United States. They hope that, during the present session of the American Congress, Hawaii will be accepted as the 50th state in the Union. Racially, Hawaii is more Asian than American. Both white Americans — at 23 percent — and Hawaiians of native stock — at 17 percent — are minorities in the islands. The Asian majority is topped by Japanese, at 37 percent, and Filipinos, at 12 percent, with Chinese and other races making up the balance.

In its way of life, however, Hawaii is almost wholly American. This has, of course, both its good and its bad sides. Good is the fact that Hawaii, although its economy is almost entirely agricultural, has a higher standard of living than any other tropical island — and a standard achieved through its own efforts, since it receives no appreciable subsidies from the mainland. Hawaiians watch

the same moving pictures as other Americans, laugh at the same jokes, are subjected to the same TV commercials advertising the same soap, soup, toothpaste, and cigarettes. They drive American automobiles, and shop at supermarkets.

Hawaii has, like mainland America, a climbing crime rate, traffic problems, juvenile delinquency, overcrowded schools, union-management disputes, political graft. In other words, it has long ceased to be the tropical paradise, peopled by dusky, sarong-clad maidens, which many mainland Americans still visualise. Hawaii has outgrown, too, the period when it was dominated by the great pineapple and sugar dynasties, descended from early missionary families. The first upheaval came when trade unions from the mainland established themselves in the ports and on the plantations. Then came the political transformation, when the conservative Republican politicians who had long held the upper hand were ousted from the territorial legislature by young Democrats, led for the most part by Japanese-Americans returning from service in the Second World War.

Not so long ago Japanese predominance in the islands' political life would have caused much concern about the loyalty of the people in time of war. This question was settled once and for all by the record of the Hawaiian "Nisei" (i.e., Hawaiian-born Japanese) who served in 100th battalion and 442nd regimental combat team in the Second World War, described by General Clark as "the most decorated unit in the entire military history of the United States." Even the Chinese, notoriously among the most clannish, and hard to assimilate of immigrants, have in Hawaii become almost entirely Americanised. Indeed far from being attracted by the new or old Chinas, they have tended to become prosperous, conservative, and Republican Babbitts.

The chances of Hawaii for statehood have been greatly improved now that Alaska — with which it fought side by side for statehood over many years — has been admitted. The two new Alaska Senators are, indeed, among the most zealous proponents of the Hawaiian case. Secretary of the Interior Seaton — under whose jurisdiction Hawaii is at present included — is working as enthusiastically for Hawaiian statehood as he did, most successfully, for Alaska.

The prospect that, in the not-too-distant future, Chinese, Japanese, or Filipino Senators and Congressmen may come to Washington from Hawaii no longer, in today's more enlightened America, causes the concern it once did. Although Alaska's present two Senators and one Congressman are all white Americans, some of the most important state offices are held by Indians and even by Eskimos, and they may have their turn in Washington in years to come. For the Hawaiians, statehood means much. They will no longer have to go to the Congress in far-off Washington every time their land laws need changing, or needed public improvements require an increase in their legal debt limit. They will share automatically in Federal highway, health, and education grants — programmes they now support by paying taxes, but with little return. "The Revolutionary War," one Hawaiian said, "was fought over three percent of what Hawaii paid to the Federal Government in 1957."

But, above all, statehood is sought by the Hawaiians so that they will have the same right to a voice in their own destinies as other Americans — a right for which they feel they have waited too long already.



# ECAFE at Work

*Report by Our Special Correspondent*

THE fiftieth session of the Economic Commission for Asia and the Far East, which was held last month at Broadbeach, near Brisbane in Australia, has gone almost unnoticed in the world press. Besides the twenty-two countries and regions represented at the conference, Britain, Russia and the United States sent delegates, and the Australian Government acted as hosts as well as being present at the meeting itself.

The discussions ranged over a number of subjects of vital importance to member countries, but they came under three broad heads: Production, Trade and Resources. Inter-related with these three was the question of development projects within the scope of ECAFE which did not interfere with those being undertaken by individual countries.

One of the chief projects which was considered at the Brisbane meeting was the Mekong River Development Scheme. The Mekong is of great importance to Viet Nam, Cambodia, Laos, and to some extent to Thailand as well. It rises in China and at some point on its long course runs through each of these countries. The scheme under consideration has been part of ECAFE's work for some time and the object is to make the Mekong more navigable so that the countries through which it runs can benefit from a cheap form of water transport; secondly, to utilise its power for hydro-electric plants; and lastly, to control the flooding of it so that irrigation can be brought under proper control and cultivation areas increased.

The delegates at the conference did not spend their time dreaming of the benefits from the river once it was developed, but talked in intensely practical terms about the vast amount of preliminary work needed before it can be said with any certainty that the river can be fully utilised. A lot of technical survey work will be necessary before anything practical can be undertaken. Its course has never been properly mapped and the fishing industries that thrive along its banks must be carefully considered when the sites for hydro-electric plants are chosen. These are immense tasks and will need a great deal of money—something in the region of \$9 million. The United States has already offered two million of this and Britain is to provide a £20,000 fully equipped survey launch, for preliminary work. One of the difficulties which has to be overcome is the political difficulties which exist between the Governments of countries in the Mekong region. They have hitherto been working so closely in ECAFE that there is no reason to believe that this problem will provide a stumbling block.

The conference noted with concern that throughout the latter part of 1957 and most of 1958 production of the member countries suffered reverses. In many countries expansion of output in agriculture and industry came to a temporary halt. Many of the problems of the region were affected by world trade. This, which had been expanding since 1954, began to contract in the second half of 1957, accelerating downward during 1958. The decline was directly related to the recession in the industrialised West, particularly the United States. The report which was circulated to delegates underlined how much needed to be done to restore the balance in Asia between world demand for primary products from Asia and the demand by Asia for industrial products and chemicals.

Stability was a word which became almost hackneyed at

one stage of the ECAFE meeting, but it was considered to be one of the key factors. The British delegate made the point that the UK was anxious to cooperate in international schemes to stabilise commodity prices. The Malayan delegate, Mr. Tan Siew Sin, had a lot to say about the dumping by foreign countries of cheap goods in Malaya and of how this all contributed towards the difficulties of establishing a stable economy.

There is no doubt that a great deal of useful talking was done at the conference, which was not entirely free from the overtones of political controversy, with the Russian delegate pressing Asian countries to enter an era of nationalisation and the British delegate warning that countries that do this might find themselves deprived of overseas capital.

## Fund for Underdeveloped Countries

AT the luncheon organised by the British Council for the Promotion of International Trade in honour of Mr. S. A. Skachkov, Chairman of the Soviet Union State Committee for Economic Relations with Foreign Countries, the question of financing the economic progress of underdeveloped countries was raised by Lord Boyd-Orr, the Council's President.

Lord Boyd-Orr emphasised the fact that underdeveloped nations could, for many years, absorb the surplus products of the industrialised countries. But in the undeveloped countries which contain more than half the population of the world, the expectation of life at birth is only about half of what it is in the wealthy industrialised ones. These people suffer premature death due to the lack of food and housing and of health standards and sanitation which makes it difficult to eliminate preventable diseases. Development programmes in these countries would improve the situation, lengthen the span of life and create additional huge markets.

The difficulty, Lord Boyd-Orr continued, consisted in the fact that these poor countries had no funds to import the industrial products needed for their development. Loans, however, should be granted to them and could be repaid when their natural resources were developed. And he suggested that the money for these loans could be found, if all countries would agree to begin disarmament by cutting defence budgets by, say, ten percent to begin with, and to devote half of this saving to an International Development Fund run by businessmen (he was very emphatic that businessmen and not politicians should run this Fund) representing all areas in the world under UN. There would be a fund within the first year, of £2,000 million to develop the vast potential wealth of the earth for the common benefit of all nations, the rich as well as the poor.

Mr. Skachkov, in his reply, ridiculed the allegations made elsewhere that the Soviet Union was pursuing a policy of autarchy and referred to the fact that his country's foreign trade has been increasing steadily, and that at present the Soviet Union was trading with some 70 countries. The new Soviet 7-Year Plan (1959-65) provided for further development of the Soviet economy and created additional possibilities for Soviet exports and imports. He warmly supported the idea expressed by Lord Boyd-Orr to set up an international fund for economic aid to underdeveloped countries.

## Recent Books

**A Short History of India and Pakistan** by T. WALTER WALLBANK (*A Mentor Book; Muller, 4s.*)

**India, Pakistan, and the West** by PERCIVAL SPEAR. Third Edition (*Oxford University Press, 7s. 6d.*)

Professor Wallbank's is an excellent and authoritative history of the Indian sub-continent from the earliest times to the present. The author has shown considerable skill in putting together a mass of facts; the argument throughout the narrative is clear and lucid. It is essentially a history of modern India and Pakistan. The reader will be disappointed if he goes to it to understand the great periods of India before the nineteenth century. But in so far as the past serves to explain the present, Professor Wallbank turns to it to throw light on the inescapable facts of Indian history. In two short but penetrating chapters, he paints the historical background; the rest of the book is devoted to an account of the new forces of nationalism which brought about the momentous events of the twenties and thirties. The story continues through partition and its aftermath, and in the final chapter the two new countries are described against a global setting. Altogether an invaluable short history, and one which both the student of India and the layman will find useful.

Sir Percival Spear's account of the great religious and cultural conflict which determined the course of Indian

history in the nineteenth and twentieth centuries has now appeared in its third edition. Those who were unable to get hold of this book when it first appeared can take advantage of its reappearance. Those already acquainted with it will find the new, revised edition dealing more fully with contemporary events. The bibliography at the end has also been revised and enlarged.

SAVAK KATRAK

**Soviet Policy and the Chinese Communists 1931-46**, by C. B. McLANE (*Columbia University Press, London: Oxford University Press, 45s.*)

Professor McLane's research work on these fifteen rather obscure years of the relations between the Chinese and Soviet Communists is meant to assist those in the West engaged in the day-to-day study of the differences, nuances and undertones in the present alliance between Moscow and Peking. The book opens with the premise that during the last war the American administration allowed itself, on insufficient evidence, to believe that Moscow had little use for the Chinese Communists, whereas in actual fact the most that could be established was that the Communists had few contacts, friendly or otherwise, with Yen'an.

No evidence exists, (writes McLane), to cast serious doubts on the underlying allegiance of the Chinese Communists to Moscow during these years and on Moscow's confidence in their loyalty.

President Roosevelt, the Secretary of State, James Byrnes, the then Ambassador, Averell Harriman, and Roosevelt's personal representatives to Chungking, Patrick Hurley and Donald Nelson, built altogether too much on some loose statements from Stalin and Molotov, such as that the Chinese

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Communists were not "real Communists." The author does not believe the Russian leaders had any intention of deliberately misleading the Americans. They themselves probably miscalculated the strength and possibilities of the Chinese Communists. Events in China between 1945 and 1949 were indeed such as "only the most exuberant soothsayer in Moscow could have anticipated in 1945."

Since 1949 the Soviet Union speaks with added authority because of the Sino-Soviet alliance and western nations judge the strength of Moscow's voice with this alliance in mind. But while all the facts point to the strengthening rather than the weakening of the alliance, comments the author, the American experts on China "continue to be amazed that this alliance is still evidently firm." He then goes on:

This bond was not created after the Communists came to power. Nor was it a mere revival of ties known to have been strong between Moscow and the Chinese Communist movement in the 1920's. Rather, the ties established earlier were somehow preserved through the long lean years of Chinese Communism, 'between 1931 and 1946, and reappeared — if anything, stronger than before — at the very time when many in the West were minimizing these ties on the basis of wholly negative evidence of their survival.

It is refreshing to come across an American analysis of Communist relations with such unbiased clairvoyance as Professor McLane's. The fact that he served as cultural attaché at the American Embassy in Moscow for two years and knows Russian well enough to make use of Soviet source material for his purposes, has probably helped him weigh up Soviet and Communist affairs with more understanding than the average "expert" on Communism.

K. P. GHOSH

**Missionaries, Chinese, and Diplomats: The American Protestant Missionary Movement in China, 1890-1950** by PAUL A. VARG (*Princeton University Press*. London: Oxford University Press, 48s.).

The American Protestant missionary movement, begun in 1830, was in full spate by 1890 and met its doom in 1950. In dealing with the last sixty years of the movement, Professor Varg is not primarily concerned with a chronological history of American missionary activities, but in studying the relationship between the "basically different" western and oriental cultures and "the difficulties involved in the attempt to export American ideology, whether it be Christianity, democracy, or capitalism." His particular field of interest is the history of American diplomacy and in this work he has tried to show that the intervention of the American Government on behalf of the missionaries has not advanced American national interests in China.

The author chose to deal with the latter half of the history of the missionaries because this was when they were making their major effort in the evangelisation of China, with the treaty structure under which they worked largely completed. The intellectual and philanthropic aspects of these missionary activities tended in the end to be supplanted by American nationalism. But Chinese nationalism, "expressing itself in a Marxist ideology," snuffed out, in the ensuing uncompromising struggle for power, both Chinese humanism and Christian idealism.

It is difficult to classify this book as either a history or a diplomatic study. Though using both familiar and less well-known material about the activities of the missionaries, the book deals rather sketchily with the use the American State Department made of the missionaries and does not quite succeed in establishing their mutual relations as part of an historical process. The author does not, however, shrink from

## Land Reform in Japan

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During the American occupation of Japan a very thorough reform of land distribution took place. The first part of this book relates how it was carried out. The author also attempts an assessment of the effects of the reform in both economic and social fields. (*Royal Institute of International Affairs*)

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drawing a political lesson from the Chinese experience, warning Americans against making the same mistake in Africa by regarding it as "the new land of missionary activity," in which the American Government seeks to convince people all over the world of the advantages of western institutions.

K.P.G.

#### **An Introduction to Tropical Agriculture by Sir HAROLD TEMPANY (Longmans, 40s.)**

Students of agriculture will find this book extremely valuable. Not only does it discuss the background of tropical agriculture but it deals exhaustively with the agricultural practices in the tropics. The benefits and defects of the imposition of European agricultural practices in the tropical countries of Asia, Africa and Latin America are examined. Also considered are such economic problems as marketing and transport, land tenure and finance and credit. The author concludes that unless the flow of capital for agricultural development can be stimulated it is impossible to expect increased production and improved standards of life in the tropical countries.

G.A.R.

#### **The Pattern of Land Tenure Reform in East Asia after World War II by SYDNEY KLEIN (Bookman Associates, New York, \$10).**

Despite his anti-Communist bias, Dr. Klein has made a specialised attempt to study the land tenure problems of East Asia, that is, Japan, Taiwan (Formosa), South and North Korea and China in relation to the economic need of the vast population. Hence he is correct in saying that excessively great population pressure is the central fact around which all the other facts of economic life in East Asia revolve. The pressure of large agricultural populations on relatively limited arable lands available in the East Asian countries has influenced sweeping agrarian reorganisation in each country after the second global war. In Japan, Taiwan and South Korea a non-Communist pattern of reform has been executed to improve the lot of farmers mainly by doing away with large agricultural estates but retaining the system of private ownership of land. This reform which has taken place by the enforcement of evolutionary means is regarded by the author as the right move in stabilising the livelihood of the agriculturists at a progressively high level. Therefore he dismisses the Communist pattern that is developing in North Korea and China as an undesirable economic means to the political end of socialism. Without examining critically the Communist agrarian system he puts forward anti-Communist political arguments to assert that there has been no improvement in the economic existence of the farmers in North Korea and China.

It is not difficult to understand the views of an anti-Communist. What one cannot understand is why Dr. Klein thinks that under a Communist system there cannot be an improvement from the economic standpoint in the life and living of the farmers. One may not agree with the Communist agrarian pattern but that does not mean that one should not study that pattern dispassionately and objectively. Dr. Klein is firmly of the opinion that, since the Communist land tenure has been made into a vehicle for political capture of the peasantry and for the maintenance of the state of its captivity, it should be opposed. Still on the whole Dr. Klein's study is interesting as a reference book.

K.L.

**Social Stratification in Polynesia** by MARSHALL D.SAHLINS (*University of Washington Press*, \$4.50).

This is a highly scholastic ethnological study of seventeen indigenous Polynesian cultures at the time just prior to European influence. It attempts to relate differences in an aspect of the social system of aboriginal Polynesia — stratification — to differences in the adaption of the cultures to their environments. Stratification is viewed as an aspect of social structure functionally adjusted to the technological exploitation of the environment. Professor Sahlins advances an alternative hypothesis to the generally accepted conception that social inequality is a product of property inequality. He explains the growth of Polynesian chiefdomship as a necessary result of the differentiation of economic functions required by tribal economy. Chiefdomship is the source of tribal wealth. Therefore Polynesian life revolves round the paramount importance of chiefly power in political, economic and other cultural activities.

R.D.N.

**Leaves From The Jungles** by VERRIER ELWIN (*Oxford University Press*, 16s.)

This book, well illustrated by the author's own photographs, provides an interesting insight into the primitive life and living of the Gonda tribes of central India. The author, an English missionary who has dedicated his life to tribal uplift, puts down his personal experiences and observations of a particular Gonda tribe. He went to a remote Gonda village called Karanjia and there established a Christian chapel, a school, a medical station and even a centre for treating lepers. He describes how as he gradually came to know the simple Gonda villagers he became deeply interested in their social uplift. Therefore

instead of spreading Christianity he concentrated more on improving the health of the backward people. He took a sympathetic view of the superstitions and witchcraft of the people, for he was passionately attracted by their love of beautiful things, their carefree smiles and laughter and their intuitive urge to make the best of a worst situation.

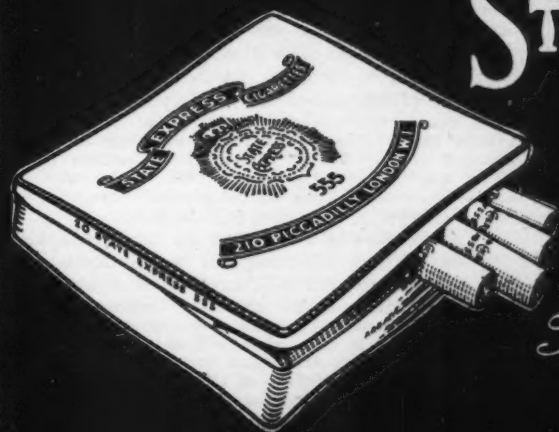
In narrating the life in the Karanjia village the author, who has been intimately connected with the Indian independence movement conducted by the Indian National Congress under the leadership of Mahatma Gandhi, discloses the encouragement he received from the Mahatma to carry on with the tribal welfare work. The foreword constitutes an important part of the book because of its graphic description of Gandhian humanism and the spiritual and moral contents of Gandhism. No wonder the author has now become an Indian citizen and is doing commendable work for tribal welfare in eastern India.

L.A.

**Muhammad And The Islamic Tradition** by EMILEDERMENGHEM (*Longmans*, 6s.)

Included in the "Men of Wisdom" series this short historical work on the origins of Islam gives a very apt sketch of the life of Prophet Muhammad, of Mecca and Arabia in the sixth century and of Islamic traditions. In referring to the Koran containing revelations which came to Muhammad during a period 20 years the writer says one should be careful in accepting the explanations given by various commentators of Koranic verses. His treatment of the activities of early Jews and Christians, the holy war, the civil wars and Islamic conquests and Islamic humanism and renaissance are noteworthy.

R.A.G.



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# Economics and Trade

## HUNGER FOR CAPITAL

**T**HE recent Bulletin for Industry published by the Information Division of the UK Treasury was devoted to the question of "World Hunger for Capital" and contained many revealing facts on capital flow to the underdeveloped countries. According to this report, at the outbreak of the First World War the aggregate foreign long-term investments amounted to \$44,000 million (the main capital supply countries being the UK with \$18,000 million; France with \$9,000 million, and Germany with \$5,800 million). However, of this total amount only \$6,000 million were invested in the whole of Asia, \$12,000 million in Europe and \$10,500 million in North America. During the period between the two World Wars, the underdeveloped countries again received less than those nations which had already made substantial economic progress. Loan capital for heavily populated and "very poor countries," like China and India was particularly scarce.

After the Second World War the problem of long-term capital became even more acute. Many underdeveloped countries becoming aware of a need for more rapid economic development in order to raise their very low standard of living, have expected a certain part of capital required for their development programmes from economically more advanced countries. But at the same time large sums were required in West Europe to repair the ravages of the War. In addition, new technological developments (atomic energy, automation and other new processes in industry) have led to large new investments in highly industrialised countries.

The Treasury Report does not refer, however, to heavy investment and expenditure in the armament industries throughout the world. In the field of such "unproductive" spending, the industrialised countries are not alone and it is unfortunate that countries like India and Pakistan felt compelled to allocate throughout the years large sums (including those of foreign currency) for their defence budgets instead of spending these amounts for their economic development programmes.

In the post-War period the flow of private capital has been augmented by capital coming either as public funds from some Governments or channelled through international agencies. The International Bank for Reconstruction and Development has been assuming steadily a growing importance in this field and the proposed doubling of the capital stock of the Bank should enable it to increase its lending capacity to the underdeveloped countries. According to the Bank's 1957-58 Report, loans granted by the Bank to Asia amounted by 30th June, 1958, to US\$948 million (the grand total of loans to all areas being US\$3,729 million). It also refers to the "beginning of what promises to be a fruitful relationship between the Bank's operations and those of the Development Loan Fund, a new foreign aid mechanism of the United States Government," particularly as the DLF loans were repayable "in the currency of the borrower."

In the post-War period the Soviet Union appeared for the first time as a source of capital supply for underdeveloped countries. For obvious reasons the main recipient in Asia was China (at present still excluded from obtaining credit in the West) but some credits were granted to other countries, including India. However, the Soviet loans to India were, in fact, credits for specific development projects for which the investment goods were to be purchased from Soviet export organisations.

Britain's contribution, both by private capital and government grants and loans, was an important source of capital to these countries during the post-War period. Private capital movements to the overseas sterling area have not been restricted by exchange controls. According to the Treasury Report the net outflow of private capital was probably on a rising trend over recent years, with an annual average of about £200 million between 1955-57. Grants and loans (including aid in kind and cancelled claims) totalled nearly £2,000 million between the end of the War and 31st March, 1958. More recently, government-to-government loans to independent territories, especially India and Pakistan, have been negotiated.

The awareness in the West of the necessity to assist financially the underdeveloped countries in their economic development has been growing. It is recognised that quite apart from the humanitarian aspect, the expanding wealth of these territories is to the interest of highly developed industrialised countries. It is felt, however, in many western circles, that the mobilisation of the wealth within the Asian countries (e.g. in the case of India the amassed quantities of gold and jewels) and the establishing of a better climate for foreign investments would assist the flow of capital to these countries.

The UK Treasury Bulletin draws the conclusion that "has long been recognised that there are wide disparities between living standards in the underdeveloped countries and in the West, and as communications bring the world community closer the realisation grows that this is a challenge to the advanced nations," and it adds that "the main burden in carrying forward development programmes is being shouldered by the underdeveloped countries themselves. But they must continue to look for help to friendly countries and international institutions."

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# INDIA'S EXPORT DRIVE

By K. B. Lall, Indian Minister of Commerce

(In a talk with H. C. TAUSSIG)

INDIAN business is now being galvanised into export-mindedness. There has been an almost sudden shift from export control to export promotion, pursued with such vigour by the Indian Government that manufacturers and traders are still finding it difficult to adjust themselves. As Mr. B. P. Singh Roy, President of the Indian Chambers of Commerce and Industry, recently pointed out, "the problem of finding markets abroad has been thrown upon us with a certain amount of suddenness, and lack of export tradition is in no small measure responsible for the apparent apathy towards making a really successful export drive." But the Indian Government, through Mr. Lal Bahadur Shastri, Union Commerce and Industry Minister, and Mr. K. B. Lall, who works under him as Minister of Commerce, is now pressing for an all-out effort in exports, even if it comes to having to compel manufacturers to export a certain quota of their output.

During the first 11 months of 1958, India exported Rs.5,333 million worth of merchandise. This figure is still Rs.200 million lower than the one for the corresponding period of 1957. Although India has succeeded somewhat in narrowing the gap between imports and exports, this is mainly due to severe curtailment of imports. Everything possible is being done, therefore, to impress Indian businessmen with the imperative necessity of stepping up their sales abroad. Export Promotion Councils are being set up, export incentives are being granted and steps taken to facilitate the procurement of raw materials for the production of export goods. In addition, India is now increasingly participating in international exhibitions. Last, but not least, there is the threat of compulsion pending over potential exporters, as indicated above.

The man perhaps most closely personally involved in the whole problem of India's exports, is Mr. K. B. Lall, Minister of Commerce. A man of exceptional drive, energy and thorough administrative experience, there are few questions on which he has not definite ideas and answers. There have been observations for example, that Indian productivity was so low and the internal demand so great, that it might not be able to meet the resulting demands of an export drive. This observation Mr. Lall considers a rather limited interpretation of India's commercial policy which, as far as relations with the outside world are concerned, is now being used as an instrument of governmental policy. "Our commercial policy," Mr. Lall said, "therefore embraces the regulation of imports in such a way as to give priority to the import of items which are necessary to sustain the industrialisation of the country and increase the productivity of agriculture. And it involves promotion of exports so that we may have the means to pay for the essential imports—like the export of sewing machines paying for the import of fertilisers, for instance. Or, we can also put it in the reverse direction—to sell agricultural products, the productivity of which is increased by the import of fertilisers so that we may import more fertilisers. It is not a vicious circle," the Minister insisted, "it is a happy circle which goes on expanding. In this development we have discovered that, if we expand, others expand with us. And if others expand, we expand with them. And if others have a recession in their activity, we also suffer a recession."

It is Mr. Lall's contention that India's continued imports resulting in the running down of her balances, has had some effect in arresting the downward trends in the UK and USA. He maintains that, if at a time when the industrial activity was receding in the industrial part of the world, India also had drastically restricted her imports of all goods produced in the West, the impact of this would have been much greater. What

he described as a happy circle would have turned into a vicious circle. "Their inactivity having effect on our inactivity," Mr. Lall said, "and our inactivity inducing greater inactivity in the rest of the world. Fortunately, and partly because of the reserves that we have accumulated abroad, partly because of the foreign assistance given to us and partly because of our own faith in our plans — which some people have described as over-ambitious—we kept on to the beaten path. But because these things have not been fully understood, we are again trying to draw in and to consolidate what we have achieved and some of us are not thinking in ambitious terms of the third plan. But the Prime Minister has set the key of our thinking in a recent speech in Calcutta. He naturally realises the dangers of stagnation in India, which are the same as they are in the rest of the world. And



Mr. K. B. Lall



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therefore, it is important that we are enabled to maintain a high level of imports. And we can do that and can have the satisfaction of doing that on the basis of our own strength, if we are able to build up our export potential."

Mr. Lall advocates some form of specialisation in the world so that countries should be left to produce those goods which they do best and most economically. International economy should readjust itself in regard to distribution of work. As an example he mentioned Western Europe which, in addition to steel-making plants, was also manufacturing jute goods and textiles which India was in a position to supply on a competitive basis.

Two factors have contributed towards the decline of value in India's exports: one was the fall of prices in some of her export commodities, the other decreased purchases by her customers owing to recessionary trends in the West. Mr. Lall realises that India's productivity has to go up in order to increase her export earnings. But he also realises the importance of marketing, which is a fairly new field for Indian business which in the past relied on British traders in that respect. "If production goes up before the demand goes up," Mr. Lall said, "the producer suffers. Therefore we are trying to stimulate demand and then the production problem will take care of itself. In my view, marketability is almost unlimited and only circumscribed by the purchasing power of the consumer and the

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ingenuity of the merchant. The purchasing power the world over is rising—in many countries beyond the satisfaction of basic demands of food, shelter and clothing. It reaches a stage when you have money which you want to spend on things which just please you. Now we have to determine what pleases you and once demand is built up, my theory is that production will come." Mr. Lall said this with India's handicraft industry in mind, an industry which he hopes will represent a major export item of India in a steadily rising degree.

Indian handicrafts, Mr. Lall believes, will become more and more popular in the West when the eye, rather than a discount in the industrial age of the 19th century amongst smoky chimneys and general drabness, is beginning to come into its own again. And the collective approach of the industrial age is gradually yielding place under the pressure from the individual

for self-expression. That is where Mr. Lall thinks the lack of standardisation of Indian handicrafts may come in to bring more variety and colour into the lives of the people in the West.

Concerning other industrial exports, the Minister stressed that only such items for which raw materials are available in India at a cheaper price will be finished to the end. "No use of wasting a lot of world tonnage by exporting bulky materials from here, finishing them somewhere else, or *vice versa* bringing raw materials to this country," Mr. Lall said. He expressed the hope that any product made of steel—not special steels—could be sold by India more cheaply than by other countries to the world. "In any case," he added, "our neighbouring countries may fall in with these schemes and may import from India as our exports may be somewhat more competitive than from elsewhere."

## West Germany's Imports from Asia

WEST German statistics contain data on the country's direct imports as well as on imports through third countries (imports from countries of purchase and countries of origin) but the Germans consider generally that the value of imported goods, irrespective of where the goods were purchased, is to be classified by countries of origin. The same applies to German statistics on their exports (buying countries and countries of destination). On the other hand, the Asian trading partners of Germany lay stress on their direct exports to Germany (this attitude is not confined to Germany alone) and are sometimes not prepared to consider their exports which have reached Germany through a third country in the same category as exports to Germany. This discrepancy in statistical approach leads often to misunderstandings and even dissatisfaction on the side of Asian trade negotiators. The deeper reason for this dissatisfaction is the feeling that by selling direct to the consumer country they would secure higher prices and a higher amount of foreign currency. The situation is aggravated by the fact that German exports go mainly direct to the country of destination (country of purchase and country of destination are identical due to the type of goods bought in Germany—investment goods), while in the field of German imports (produce and semi-manufactured goods) a much higher share of goods reaches Germany via third countries.

The 1958 Annual Report issued by the Hamburg Chamber of Commerce deals in several chapters with this question. According to the German notion the spices used by German housewives actually come from India, even if purchased there by a London firm, while the countries of origin are unwilling to credit the final consuming country with roundabout deliveries because of the difficulties of registering statistically all these transactions. But it is more than a question of statistics. It is a clash between bilateralism and multilateralism. In countries of private economy, the importers and manufacturers "logically" give preference to direct purchase in the countries of origin" while still buying part of their requirements via transit countries "chiefly international trading centres like London, Amsterdam, or Zurich" because of the existence of commodity markets "where they can frequently buy cheaper and at better terms, where prompt delivery is guaranteed, and qualities are standard."

There is little doubt, that the existence of international

trading centres for various commodities perform a useful function for those countries which export such commodities. When, as sometimes happens as a result of bilateral transactions, countries which receive larger amounts of commodities than they can use, sell them to the actual consumer countries at cheaper prices, the international market of these commodities is disrupted, and economic damage inflicted on the countries of origin.

In the case of India where, due to India's industrialisation, large orders for machinery and equipment were placed in Germany, the Chamber of Commerce Report points out that "both the variety and quantity of goods India has to offer are limited," but says that "undoubtedly, India will assume a much more important role as an exporting country some time in the future. But a development of this kind cannot be forced within a few years." It adds the warning, however, that "Should India retaliate for what are thought to be inadequate purchases of Indian produce on the part of German importers by transferring her custom to other supplying countries, this would merely shift but not altogether remove (her) foreign trade deficit." The Report emphasises the importance which is attached to friendly cooperation between India and the Federal Republic of Germany, but feels that in India and other Asian countries the stimulating and expansion-fostering functions of "transit business" (meaning e.g. German buying of commodities in London or other transit markets) to which world trade owes its development, is frequently underrated.

In the chapter dealing with trade with Indonesia, the Report pays tribute to the Bank of Indonesia which despite all upheavals of the last year "never failed to meet a single obligation." Referring to the well developed system of sales of Indonesian produce by the Dutch in the past, the Report feels that at present "a temporary vacuum has developed," and that a great number of new Indonesian export firms lack capital and experience. It recommends that Indonesia "should work with import merchants who are experienced in dealing with the commodities concerned and the customers" and adds that "credit aid of one kind or another might then be negotiated." It urges that foreign traders should be allowed to live in the country, in order to promote the exports.

The Report says that "in the long run, it seems hardly fair

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or bearable that in the Federal Republic of Germany foreign firms should need nothing but registration in order to do business, while reciprocity is not given by the respective foreign governments. German firms are both willing and in a position to promote the sale of Indonesian goods. But Indonesia ought to give them greater commercial freedom and, instead of letting them draw lots for permits of residence, so to speak, distribute such permits . . . to all genuine applicants."

## Germany's Trade with China

The one-year trade agreement concluded between the China Committee for Promotion of International Trade and the German Committee on Trade with the East which expired in October 1958, has neither been renewed nor have negotiations for a renewal yet begun (despite suggestions by the German side for such negotiations). However, the trade between the two countries continues to expand, and large orders were placed by China Import Corporations with German firms following the cancellation of Chinese orders in Japan. These orders, mainly for rolling-mill products and machinery, have resulted in a sharp increase of West German exports to China which reached the value of nearly £60 million during 1958 (as against less than £20 million during 1957). Most of these deliveries were direct German exports to China.

On the other hand, German imports from China while showing a certain increase (1957, £14 million, 1958, £20 million) did not expand at the same rate as exports to China, which had

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led to a strong unfavourable trade balance for China. The 1957 agreement provided for an exchange of goods to the value of DM 230 million (about £19 million) each way, and the Germans maintain that their imports of goods from China have even surpassed this level. But according to the Hamburg Chamber of Commerce Report the Chinese have repeatedly complained that Western Germany buys too little, as they acknowledge only direct German purchases, and do not credit Germany with any purchases made via third countries. The Report says that "this attitude is explained by the country's all-embracing economic planning policy, in pursuance of which the authorities even wish to pre-plan all Chinese foreign deliveries and all Chinese foreign purchases."

A detailed analysis of German imports from China shows that the share of direct purchases from China has been increasing considerably during the last few years, but that even at present about two-thirds of the total imports are reaching West Germany via third countries. (The share of direct imports amounted to 11 percent in 1955, nearly 18 percent in 1956, about 25 percent in 1957, and about 40 percent in 1958).

There is a feeling among German businessmen that it is to a great extent up to the Chinese to foster an increase in the share of direct purchases from China. The compensation (or link) deals concluded by the China Import and Export Corporations with manufacturers in various countries do not assist the direct purchases of Chinese goods in China itself, as these manufacturers who have received these Chinese products have often to compete with the Chinese suppliers in order to sell the Chinese products for which the manufacturers themselves have no use. The Hamburg Chamber of Commerce Report emphasises in this connection the importance of German China Merchants, who are traditionally acquainted with the markets and can "quite naturally combine the two functions of supplying the Chinese market with German goods and purchasing Chinese goods for Germany."

## West Germany's Trade with Asia

The following table shows the development of West Germany's trade with countries of South-East Asia, Far East and the Pacific. These statistics are based on Germany's imports from countries of origin of the imported goods and on German exports to countries of destination of the exported goods.

	Imports		Exports	
	1958	1957	1958	1957
Afghanistan	27	33	16	19
Burma	15	19	33	63
Brit. N. Borneo	18	19	3	4
Ceylon	58	51	45	38
Formosa	21	13	37	33
China	245	172	682	200
Hong Kong	45	21	86	115
India	190	252	1,173	1,126
Pakistan	101	132	173	165
Indonesia	201	335	180	309
Japan	189	228	349	469
South Korea	2	4	99	68
Cambodia	2	4	9	10
Laos	—	—	3	6
S. Viet Nam	6	8	42	71
Malaya Federal	187	222	60	125
Singapore	14	—	44	—
Thailand	6	8	42	71
Philippines	188	217	108	114
Australia	375	566	373	312
New Zealand	112	161	86	95

(all figures in DM million)

# Port of Hamburg

## Bridge to the Far East

**I**N 1958 the increased trade with China found its natural reflection in the activities of the Port of Hamburg, and the shipment of goods to China reached 262,000 tons (mainly fertilizers and iron and steel) as against 30,000 tons in the previous year. This increase of shipments to China has led to an overall increase of shipments to South-East Asia and the Far East from 810,000 tons in 1957 to over 900,000 tons in 1958. The shipments to India from Hamburg were at an annual level of 261,000 tons during these two years, while those to Japan dropped from 178,000 tons in 1957 to 121,000 tons in 1958.

Hamburg occupies a singular position in the sea traffic with Asia and the Far East, and 90 percent of the West German shipping with China goes through this Port (the remaining 10 percent go via Bremen). The activities of Hamburg are, however, not confined to West Germany, as Hamburg serves as a Port in many cases for Central and East European countries. At the time when the embargo on trade with China severely hampered trade between western Europe and China, large quantities of goods from Eastern Germany, Czechoslovakia, Hungary and other East European countries were trans-shipped via Hamburg. The advantages of Hamburg as a port for a whole region (far greater than West Germany) was clearly demonstrated on such occasion as the arrival of 20,000 tons of soya beans from China, half of which was destined for West Germany and the other half for East Germany and which resulted in a considerable saving of freight costs. The same applies to many other shipments of goods between Asia and Far East on one hand and Europe on the other, particularly as the East European countries are developing their trade with Asian countries.

The industrialisation of Asian countries has led to a structural change of goods shipped to that area, and the share of capital goods exported is increasing. Machinery coming from various western manufacturers destined for the same Asian client and complete industrial installations (e.g. Rourkela steel plant), the component parts of which are supplied by many European factories, are exported to Asia. Hamburg offers great advantages for shipment of these goods both because it is an assembly place for such composite deliveries and because of regular frequent sailings to Asia. The Hamburg Port is served by a well-developed net of railway tracks and roads which lead direct to the various handling and storage sheds and berths (large-size machinery which due to limitation of load-size prescribed by the railways has been delivered in parts can be assembled in some sheds for shipment as complete units).

As intermediary between sea and land transport Hamburg Port has 56 dredged harbour basins and offers safe berths simultaneously to 250 sea-going vessels and a large number of inland water craft. The Port is equipped with up-to-date technical installations and has nearly 900 quayside cranes. Self-propelled floating cranes for heavy lifts (including complete locomotives) achieve fast loading as the ships do not need to be moved alongside the stationary quayside cranes. There are special installations for handling different types of goods, including tropical hardwood, and special facilities are available for safe handling of fertilisers (large quantities of the latter being shipped to the Far East). The highly skilled labour force is another important asset of this Port which claims the name of the "Speedy Port."

The extent of the activities of Hamburg's Port can be seen from the fact that in 1958 over 18,000 ships of over 50 flags handling about 28 million tons of goods to and from all parts of the globe were dealt with, and that over 200 shipping lines with some 650 sailings monthly connect Hamburg with more than 1,000 ports all over the world.

In the Hamburg Port one sees many ships of Asian shipping companies and many of these shipping lines have offices in Hamburg. At present there are more regular sailings from Hamburg to Asia and the Far East than before the War which indicates the growing importance of that area for the economy of Europe and the advantageous services offered by Hamburg in the transport of goods to and from that region.

The number of regular shipping lines operating between Hamburg and India, Pakistan, Ceylon, Burma and Indonesia has risen to 13 as against eight before the war, and in 1958 these lines had 279 sailings from Hamburg. The number of shipping lines to the Philippines, Thailand, China and Japan more than doubled during this period and has reached the figure of 19 in 1958 with 345 sailings during that year. In addition, many chartered ships connect Hamburg with that area. There are also 8-11 sailings monthly to Australia.

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## THE SPEEDY PORT

Company Meeting**THE CHARTERED BANK****FURTHER EXPANSION OF BUSINESS***Mr. V. A. Grantham's Statement*

The 105th Annual General Meeting of The Chartered Bank will be held on April 1 at 38 Bishopsgate, London, E.C.2.

The following is an extract from the statement by the Chairman Mr. V. A. Grantham, which has been circulated with the report and accounts for the year 1958:

**THE BANK'S BALANCE SHEET**

The accounts indicate a further expansion of the Bank's business. The total of our own balance sheet at £243,118,186 is some £11,500,000 up on last year's figure which was itself a record.

Current and Other Accounts show a slight reduction of £2,032,672 which is more than offset by a substantial increase in Fixed Deposits of £15,994,119. Our acceptances are lower by £2,778,353.

On the assets side Cash in Hand at Call and at Bankers' Government and other Securities and Bills of Exchange show increases of £1,324,674, £10,402,781 and £5,848,798 respectively and evidence a strong degree of liquidity. The ratio of cash and call money to our demand and time liabilities, excluding the notes in circulation against which security has been lodged, is slightly lower at 22.1 percent against 22.9 percent last year. Advances to Customers and Other Accounts show a contraction of £3,975,323.

The increase in the net figure for Bank Premises and Furniture is due to our continued expansion and the modernisation of our properties in the East.

The Consolidated Balance Sheet includes the figures of all our wholly owned subsidiaries and the total at £285,430,502 is £13,532,487 higher than last year.

**CONSOLIDATED PROFIT AND LOSS ACCOUNT**

The continued upward trend of working costs, especially salaries and wages, in conjunction with a lowering of interest rates during the period under review has resulted in a decrease in our net profit from £1,000,890 in 1957 to £993,590.

In October last the issued capital of the Bank was increased to £5 million by the capitalisation of £600,000 out of the Reserve Fund and £400,000 was restored to the Reserve Fund by a transfer from Reserves for Contingencies Account.

The Bank paid an interim dividend of 7½ percent less income tax in September last on £4,400,000 capital, absorbing £189,750 and it is now proposed that out of the balance available a final dividend of 7½ percent be paid on the increased capital of £5 million costing £215,625.

We have allocated £250,000 to Bank Premises and Furniture and £125,000 and £20,000 respectively to the Pension Fund and Widows' and Orphans' Fund. We have transferred £150,000 to Reserves for Contingencies and the balance carried forward is £481,673.

**THE IRANO BRITISH BANK**

Our acquisition of the share capital of the Eastern Bank gave us a direct interest in the Middle East, and our assessment of the political and economic situation there convinced us that our representation would be incomplete without an interest in Iran. We were pleased therefore, to have an opportunity of joining with influential Persians in promoting a joint banking venture in their country. The authorised capital of the Irano British Bank is Rials 200 million, of which Rials 100 million have been subscribed and paid up. We have subscribed 8,000 shares of Rials 10,000 each and the Eastern Bank 1,800 shares of a similar denomination, which gives us 49 percent of the capital of a bank which has now been registered and granted a banking licence in the above name.

This bank will have as its General Manager an officer seconded from our Eastern covenanted staff and it will open for business in Tehran on 10th March, 1959, and later in Khorramshahr. It is pleasing to note that the return of British banking interests has been generally welcomed and we hope that this new joint venture bank, by bringing experience and knowledge to the handling of imports and exports, will assist the country in its trade expansion programme.

**REPRESENTATION IN BIRMINGHAM**

We have felt for some time past that the revolution which has taken place in the United Kingdom export trade since the end of the war necessitated our establishing closer contact with the new

exporting industries in the Midlands. It has been decided therefore to appoint a representative of the Bank and its subsidiaries and associates to reside in Birmingham and to set up there an organisation which will facilitate more extensive participation in the financing of exports of Midland manufactures to the Asian markets in which we, The Eastern Bank Ltd. and The Irano British Bank, are established.

Mr. A. M. R. Currie, until recently our Manager in Indonesia, has been appointed to the post and he will take up his duties during the month of April. It is not proposed, at present, to open a branch of the bank in Birmingham; the new office will be equipped to import economic and credit information and to serve as a link between the export trade of the Midlands and Head Office.

**CONCLUSION**

The overseas territories in which we operate are receiving increasing publicity and it is generally recognised that the developing of the natural resources of the South-East Asian countries and the raising of the standard of living there is of vital importance to future peace and progress in the world. This challenge is being accepted by the Western Powers in a most understanding and generous manner and the extent to which aid and credit is given to the newly independent nations of the area is staggering.

Very few of the countries concerned would survive economically were it not for the tremendous infusion of assistance they receive and one can only hope that wise counsel and incorruptibility within these countries and a tolerant direction from the donors will help attain the objective of self-supporting economies with ever increasing exports.

This objective cannot be reconciled with a Western fear of Asian competition and attempts to avoid this competition and, in this connection, perhaps too little significance has been given to the attitude of the United Kingdom Government in acquiescing in limitations on the textile shipments from Hong Kong to the United Kingdom.

Copies of the full text of the statement will be sent on application to the Secretary of the Bank at 38 Bishopsgate, London, E.C.2.

*Company Meeting*

# The Hong Kong and Shanghai Banking Corporation

The Ordinary Yearly General Meeting of The Hong Kong and Shanghai Banking Corporation was held on March 13 in Hong Kong.

Mr. Michael W. Turner, C.B.E., the Chairman, presided and, in the course of his speech, said:

The profit for the year amounts to \$23,466,050 which is an increase of \$2,400,000 over last year's figure. It is proposed that \$4,000,000 should again be written off Bank Premiums and, after allowing for this transfer and the interim dividend of £12.6 per share, the directors recommend a final dividend of £1.17.6 per share, leaving a balance of \$2,085,000 to be carried forward.

Turning to the Balance Sheet the total shows an increase of \$43,000,000 over the figure for 1957. The ratio of readily realisable assets to the total liabilities has risen by about 2 percent to 50.57 percent.

The manner in which our funds were utilised at the end of the year shows only too clearly the trend of reduced economic activity which has affected most of the territories in this area. The total of both Trade Bills and Advances is reduced which is due to lower commodity prices and the restrictions on imports which have been such a noticeable feature during the past year. Fortunately, as forecast by my predecessor last year, the trend of British Government Securities was upwards, if perhaps at a slower pace than we had hoped to see, and as a result it was not necessary to allocate any further sums for the purpose of writing down the value of our holdings.

The report and accounts were adopted.

## Chairman's Statement

The following is an extract from the Chairman's printed statement:

From our own domestic point of view, the most important event since our last meeting has been the completion of an agreement with the directors of Mercantile Bank Limited for the acquisition of the entire share capital of this old established bank. We have taken over this bank as a going concern and we intend to keep it as a going concern. I am sure that

the step we have taken will prove to be in the best interests of our own shareholders. In addition, I am convinced that it will strengthen the position of British banking as a whole in the eastern territories with which both banks have been associated for so long.

## Economic Affairs

After reviewing the political scene, the statement continued: When we turn to economic affairs we find more encouraging signs and it seems that the world is moving forward into a period of renewed expansion, if probably at a slower pace. The recession in the United States, which was giving cause for concern at the beginning of the year, proved to be the most severe since the war but it was fortunately of short duration. The effect on western Europe was much smaller than was at one time expected although industrial production tended to decline. Exports to the United States, on the other hand, showed no sign of falling off, while a considerable outflow of gold from across the Atlantic benefited the reserves of the sterling area and those of several European countries. While it would be unwise to exaggerate the importance of the decline in the United States gold reserves, this has resulted in a lessening of the post war dominance of the dollar, and the resultant strengthening of other major currencies has brought about a more balanced world economy. The concerted European move at the end of the year making their currencies freely convertible for non-residents was a practical manifestation of this improved state of affairs — "an outward and visible sign of the comeback of Europe in world affairs" to quote the words of the managing director of the International Monetary Fund. The improved status of sterling in particular is of the greatest importance to our bank and we can but hope that this time there will be no turning back.

The statement then reviewed in detail the conditions in the eastern territories in which the Bank has interests and concluded:

Economically the year has not been too favourable for these countries but

on the whole they have managed to bear with the burden of low commodity prices without serious dislocation. The future outlook seems brighter but much will depend on the speed with which industrial production rises in the west, particularly in Europe, and the strength of the competition from China which the rice producing countries may have to face.

A great deal of progress has been made since the war in promoting development in countries where the standard of living is low and the work in this field seems likely to grow. There are however two matters which I should like to mention as it seems likely that they will become increasingly important in the future.

The first is the necessity for the less developed countries to attract foreign private investment. Since the war a large part of the capital these countries have received has come from governmental sources and international agencies, which have to a large extent taken the place of the private investor. This is a development with which I should not wish to quarrel and in many cases the large amounts required could not have come from any other source. There still remains none the less a role for private capital to play, particularly in the supporting industries without which any broad basis of industrialisation is impossible. Not only that, but private has one advantage over institutional capital in that there is less likelihood of the repatriation of the original investment and, provided the venture is successful, a portion of the profits will be ploughed back each year for future development. It would seem therefore that countries which are short of capital should, in their own interests, make every effort to see that a suitable climate exists which will encourage foreign private investment. This I am afraid is not always the case and, making due allowance for the fear of foreign exploitation, I am sure that the present policy of some countries is most unwise.

The second concerns the necessity for countries which are setting up new industries to be able to find markets in which they can sell their manufactured goods. These will be to a large extent



in countries where the purchasing power is high and probably in competition with existing home industries. It is here that the more highly developed countries can help, but from our experience in Hong Kong the outlook is not too promising. I do not under-estimate the political difficulties,

as it is obvious that pressure will continue to be applied on governments to give protection to their own industries. Nevertheless I am sure that, if it is the policy of the western nations to encourage development in countries less fortunately placed, then it will be necessary for them to go further and

to open up their markets to some of the products which this development will cause. Aid has been given on a most generous scale in recent years and has achieved much. It remains to be seen whether the same enlightened attitude will be adopted over the more difficult problem of trade.

### Company Meeting

## NATIONAL AND GRINDLAYS BANK

### A Sound Business

The annual general meeting of the National and Grindlays Bank Ltd., will be held on April 7 in London.

The following are extracts from the statement of the Chairman, Mr. J. K. Michie, circulated with the report and accounts:

The total of our balance sheet at £151,491,479 shows a reduction of £10,613,741 on the amalgamated figure for the year 1957. Our net profit is also lower by £55,783 at £371,707, arrived at, as usual after providing for taxation, for bad and doubtful debts and for other necessary reservations. Two interim dividends of 7½% have been declared the total distribution, therefore, being unchanged at 15%.

The reasons for the smaller profit figure are several. One which will be non-recurring is the inescapable expenditure in connection with the amalgamation which though limited by all possible means was still considerable. Then, apart from the ever increasing competition which is a feature of banking in the East and in East and Central Africa in some cases from growing indigenous banks and in others from new entrants in the field, or from both, in none of our territories were conditions more favourable for bankers and in most they were more difficult than in recent times.

On the other side of the slate British Government securities staged a considerable rise during the year and our inner reserves have benefited in consequence. Incidentally, it has been and still is the policy of the bank to meet out of current income depreciation in the values of what can be termed "local" securities held by branches but we do not "write up" such securities should they appreciate but leave the reserve untouched until realisation or maturity.

#### India

At this time last year India was facing a critical balance of payments situation which I am glad to say has been at least temporarily resolved partly by her own exertions and by the aid obtained from the World Bank and various Governments, including our own. There are still hurdles ahead but I think there is justi-

fication for believing they too will be cleared and that when many of the larger capital projects now being financed come into operation the present difficulties in this respect will lessen.

Nevertheless, food production must continue to be the fundamental problem of countries like India which have both a low average standard of living and a rapidly growing population, and one cannot help being a little doubtful if agriculture gets its fair share of attention vis-à-vis industrialisation.

Because of the international recession in textiles India's exports of finished goods have fallen to 70% of the 1957 figure. Jute, too, has had a depressing year with continuously falling prices. Tea exports on the other hand have risen appreciably.

Last year I commented on the paradox that in India money was simultaneously scarce and cheap. Now it is not quite as scarce—but despite the relative financial situations of the two countries lending rates remain much on the same level in India as in this country and of course they never reached the heights in India which they did here when our Bank rate was at 7%.

The balance of payments position resulted in a distinct reduction of the amount of overseas business flowing through normal banking channels in 1958 and in consequence the exchange side of banking was and still is adversely affected.

#### Pakistan

Very strict measures of currency and other controls have been instituted and the Government claims that already the balance of payments position has improved materially. The Government also proposes to introduce very far reaching changes in the ownership of land which it is hoped will lead to higher yields of agricultural produce which since Pakistan became a separate country have undoubtedly been disappointing particularly in food grains.

Swingeing increases in import duties mainly on what are regarded as luxuries have recently been announced, some of

which will particularly affect European residents. In January the State Bank of Pakistan raised its rate from 3% to 4% a level which cannot be regarded as too high.

#### Liability for Uncalled Capital

At present this is 7s. 6d. per £1 share and the fact that there is such a liability undoubtedly narrows the market for your shares and we know has exercised the minds of some of our shareholders.

The question of arranging for the elimination of this disability and the method to be used has been engaging the attention of the Board and it is their intention to place proposals before you in the near future. However, the Board also consider it right to let you know that unless a higher level of income eventuates than they now foresee they would not consider it prudent to recommend any increase in the amount paid out in dividends.

#### General

Since I last addressed you a metamorphosis has happened in the financial affairs, and standing of this country and of the pound sterling bringing with it two outstanding results — the gold and dollar reserves at the end of December had moved up to £1,096 million, which compares with £660 million to which they fell in September, 1957, and the Bank of England rate has fallen to 4 percent from 7 percent current a year ago.

That these manifestations of improved economic health spell security is neither the belief of the Chancellor of the Exchequer nor of any unbiased person, but at the lowest assessment they mean that we have ridden the storm more successfully than was hoped or feared and that given no major setbacks in world trade or world politics we are on the road to better things. What these may be must await, amongst other things, the Budget. As to our own immediate future we have a sound business and a good and loyal staff to whom we are again beholden. Although, as I have told you, we have difficulties to contend with, some of which are new and unpalatable, I am sure that we shall as in the past surmount or adjust ourselves to them.

## INDUSTRIAL AND COMMERCIAL NOTES

### WOOL IMPORTANT TO COMMONWEALTH

In a statement made on his return to London after visits to Commonwealth wool growing countries, Mr. H. K. P. Wood, Chairman of the International Wool Secretariat, expressed his confidence in the future of wool as the world's major clothing fibre. He warned, however, that the continuance of the vast and vital trade in wool between the Commonwealth and the UK depended on adequate and efficient "selling" to the consuming public.

In India, Mr. Wood conducted a survey of mechanised and cottage industries with a view to remodelling the services of the Secretariat's New Delhi branch. Mr. Wood is to report on his inquiries to the International Wool Publicity and Research Executive, which meets in London in May.

### CHINA'S WOOL IMPORTS

China's wool imports increased from 2.7 million lb in 1956 to 6.7 million in 1957 and reached 11.2 million lb in 1958 (5.3 million lb raw wool and 5.9 million lb scoured wool). The main suppliers

were Australia (1 million lb raw wool and 5.9 million lb scoured wool); New Zealand (3.9 million lb raw wool) and South Africa (0.3 million lb raw wool).

China's imports of wool tops which amounted to 20.6 million lb in 1956 and to 18.9 million lb in 1957 rose to nearly 33 million lb in 1958. The imports from the United Kingdom accounted for about 50% of the total imports, while Australia supplied over 9 million lb and France and Belgium about 2 million lb each. Other suppliers were South Africa and Uruguay.

According to Peking reports, the wool cloth output in China has increased from 4.6 million yards in 1952 to nearly 20 million yards in 1957 and according to provisional estimates amounted to nearly 26 million yards in 1958. Further increases of wool cloth production are anticipated, which would entail still larger imports of raw wool and wool tops.

### HONG KONG-BURMA COTTON AGREEMENT

An agreement has been signed between the Governments of Burma and Hong Kong for the supply of cotton textiles

and yarn to Burma, partially against payment in sterling and partially against raw cotton to be delivered to Hong Kong from the US.

This agreement follows similar ones between Burma and India, Japan, the United Kingdom and West Germany. It is understood that the programme covered by these agreements amounts to US\$12.8 million in terms of value of the raw cotton content of textiles and yarn to be supplied.

### HUNGARIAN-JAPANESE TRADE

At the invitation of the Hungarian Chamber of Commerce, the deputy director of Japan's Ministry of Trade and Industry, Mr. Hayashi, has visited Budapest to assess possibilities for trade between the two countries.

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## TENDERS

### TENDER NOTICE FOR THE KOYNA PROJECT

#### Gates, Hoists, Stoplogs and Gantries

Scaled tenders are invited for supply of the following equipment in connection with the Koyana Project in the North Satara District of the Bombay State.

S.No.      Item      Earnest money  
Rs.=£

1. Sluice Gates, Stoplogs and Hoisting equipment for Dam. 8,000=600
2. Penstock Intake Gates, Stoplogs and Hoisting equipment for Dam. 7,000=525
3. Intake Gates, Hoists and Gantry for Head Race Tunnel Intake. 13,000=975
4. Trash racks with hoisting equipment for Head Race Tunnel Intake. 3,000=225
5. Bulkhead Gate and Hoisting Gantry for Surge Shaft. 3,000=225
6. Stoplogs and mono-rail for Turbine pits. 1,000=75

Tenders (with schedule of prices with relevant covering letter) for each of these items to be submitted separately though under the same cover.

Tender forms, conditions and specifications of the contract and drawings for the above items can be purchased on payment of Rs.115/- i.e. £8 12s. 6d. per set by cash or postal or money order, from the office of the undersigned on any working day up to and including 25th APRIL, 1959.

Each tender shall be accompanied by earnest money as specified in the above table. In the case of the successful tenderer this will be transferred to and augmented for balance of the amount by deduction from the running bills so as make up the security deposit at 2% of the accepted tender amount.

The successful tenderer will have to furnish in addition to a performance guarantee from a Scheduled Bank or an Insurance Company approved by Government to the extent of 10% of the accepted tender amount for satisfactory performance of the contract.

The dates of deliveries being the most important part of the tender should be specifically mentioned against each item and part thereof, if equipment is proposed to be supplied in parts such as embedded parts, gates and hoisting equipment.

Tenders will be received in the office of the undersigned up to 2.00 p.m. on 27th APRIL, 1959 and will be opened publicly at 4.00 p.m. on the same day.

Tenders for each of the items listed above shall be considered separately

and decided on their merits. The tenderers if they so desire, may quote a rebate in case more than one tender is awarded to them.

Right is reserved to reject any or all tenders without assigning any reasons therefor.

For more details please ask for a copy of instructions and notes for guidance of the tenderers, "Gate, Hoists, Stoplogs and Gantries" which will be supplied free.

Dated: 27th January 1959.

The Director General of India Store Department, Government Building, Bromyard Avenue, Acton, London, W.3., invites tenders for the supply of:—

	Quantity Tons
Mild Steel Sheets Cold Rolled deep drawing quality to B.S.S. 1449 of 1956 (EN.2A).	1000

Forms of tender may be obtained from the above address on or after the 13th March, 1959, at a fee of 10/- which is not returnable. If payment is made by cheque, it should please be made payable to "High Commission of India." Tenderers must send their tenders so as to reach this Office latest by 1 p.m. on THURSDAY the 16th APRIL, 1959. Please quote Reference No. 40/58/RLY.

The office of the India Supply Mission, 2536 Massachusetts Avenue, N.W. Washington, D.C., United States of America, invites tenders for the following:—

**TENDER ENQUIRY No. SE.28.**  
For the supply of Heavy Duty Gathering Arm Type Crawler Mounted Loader for use in Indian Coal Mines. Capacity 4 tons/min. Gradient 1 in 4 loading height 2 to 5 feet.

Specifications, etc. regarding the above enquiry can be obtained direct from the Coordination Department, India Store Department, Government Buildings, Bromyard Avenue, Acton, W.3 at 14s. 3d. per set. Tenders are to be returned direct to India Supply Mission, 2536 Massachusetts Avenue, N.W. Washington D.C., United States of America, so as to reach them by MONDAY, 20th APRIL, 1959.

Specimen copy of the above specification can be seen at India Store Department, Government Buildings, Bromyard Avenue, Acton, W.3 under reference S.4290/58/AVH/ENG.2.

The Director General, India Store Department, Government Building, Bromyard Avenue, Acton, London, W.3 invites tenders for the supply of the following:—

**Vertical Copy Milling Machine.**  
16in. long traverse x 8in. cross and vertical traverse. Table size 32in. x 8 1/2in.

Specifications, drawings, etc., relating to the above may be obtained from the Coordination Branch of India Store Department, Government Building, Bromyard Avenue, Acton, London, W.3, at a cost of 10s. per Tender. Tenders are required to be returned to the India Store Department, at the above address, by 11th MAY, 1959.

In your application for tender, please quote Ref. No. 2035/58/SSB/ENG.3.

The office of the India Supply Mission, 2536 Massachusetts Avenue, N.W. Washington, D.C. United States of America, invites tenders for the following:—

**TENDER ENQUIRY No. S.E.39.**  
66, 33 and 11 KV Substations Equipment required by the Department of Electricity, Government of Andhra Pradesh, for Ramagundam and Hussainsagar Power System.

Specifications, etc. regarding the above enquiry can be obtained direct from the Coordination Department, India Store Department, Government Buildings, Bromyard Avenue, Acton, W.3 at £5 7s. 3d. per tender. Tenders are to be returned direct to India Supply Mission, 2536 Massachusetts Avenue, N.W. Washington D.C., United States of America, so as to reach them by 30th APRIL, 1959.

Specimen copy of the above specification can be seen at India Store Department, Government Buildings, Bromyard Avenue, Acton, W.3 under reference S.4229/58/NSC/ENG.2.

The Director General, India Store Department, Bromyard Avenue, Acton, W.3 invites tenders for the following:—

- (a) Barrel Rifling Machine 2,500mm. max. rifling length x 13 to 50 mm. dia. bore x 300mm. min. rifling pitch.
- (b) Honing Machine, 4,500mm. max. work length x 3,700mm. max. stroke x 20 to 105mm. honing dia.

Specifications, drawings, etc. relative to the above enquiries can be obtained from the Coordination Department, India Store Department, Bromyard Avenue, Acton, W.3 at 10s. per tender enquiry. Tenders are due for return to India Store Department at the above address by 2 p.m. on MONDAY, 4th MAY, 1959.

In your application for tenders, please quote reference No. 2032/58/SSB/ENG.3 for (a) and 2033/58/SSB/Eng.3 for (b).



**TENDERS (continued)**

The Director General, India Store Department, Government Building, Bromyard Avenue, London, W.3, invites tenders for the supply of:—

**628 tons of tinned, evaporated, unsweetened milk.**

**Packing in vent-hole type cans will not be acceptable.**

Forms of Tender, which are returnable on MONDAY, the 27th APRIL, 1959, may be obtained from this office (CDN Branch), upon payment of fee of 10s. which is not returnable. Reference No. 559/58/2 MIS.1 must be quoted in all applications.

**GOVERNMENT OF INDIA  
MINISTRY OF RAILWAYS  
(RAILWAY BOARD)**

Requirement of Roller Bearings with Axlebone and Wheelsets.

The Railway Board, Government of India (Ministry of Railways), propose to obtain from established and reliable manufacturers:—

**8,800 Nos. of roller bearings complete with axleboxes, and 4,400 Nos. wheelsets for Bogie Open Wagons type Box Mark "O."**

The relevant tender documents are obtainable from the Research Design and Standardisation Organisation, Baroda House Annexe, New Delhi, and the Director General, India Store Department, Government

Building, Bromyard Avenue, Acton, London, W.3 on payment of Rs.2 each (3s.). Drawings and specifications will also be available from the two sources mentioned above on additional payment.

Quotations should reach the undersigned:

- (i) not later than 11 a.m. on 20th APRIL, 1959 for Roller Bearing Axleboxes;
- (ii) not later than 11 a.m. on 21st APRIL, 1959 for Wheelsets.

**HUNGARIAN ALUMINIUM FOR INDIA ?**

Cooperation between Hungarian and Indian industry was foreseen by Mr. A. Nagaraja Rao, of India's Ministry of Commerce and Industry, who visited Budapest for a study of Hungarian factories. Mr. Rao, who is President of the Indian Industrial Development Council, was particularly interested in the Hungarian aluminium industry.

**GERMAN BANK IN HONG KONG**

Since October 1958 the Deutsch-Asiatische Bank, Hamburg, has had an office in Hong Kong. This is the first case of a German Bank establishing an office abroad since the war and it clearly indicates the interest shown by the German business world in the Far East. (This Bank had a branch in Hong Kong before the First World War, and

branch offices were established between the two Wars in China and Japan which were to be closed down later).

On the other hand the importance of Hamburg for the trade with the Far East can be seen from the fact that several Asian Banks have offices in Hamburg, and Mr. V. A. Grantham, Chairman of The Chartered Bank, referring recently to the Hamburg office of his Bank, said that "Germany is keenly interested in developing trade with Asia and our Hamburg agency is well situated to share in the expansion of banking business that is likely to accrue from an increased German demand for raw material now that EEC is in being."

**GRINDERS FOR ASIA**

*SNOW Precision Surface Grinders.* These machines which, for over half a century, have proved their high efficiency are finding a ready market in Asia. An interesting machine is the SNOW Precision Slideway Grinding Machine with Swivelling Wheelhead, particularly in relation to the Machine Tool Industry. Leading manufacturers of lathes, milling and boring machines have installed these models with great benefit to their production costs.

Fine finish with extreme accuracy can be obtained on not only regular flat work but also unusual grinding work can be achieved at a great saving in time over other methods. Machine Tool castings of considerable weight and

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size can be handled, allowing grinding of surfaces previously hand scraped. Forming a grinding wheel to an angle or even a radius permits the grinding of Vee type and flat ways coupled with contour work. Production times have been slashed from days down to hours.

The handling of the machine is simplicity in itself, full push button pendant control of all movements ensures that even the most awkward face can be ground with eye level control. Due to the rigid spindle mounting and precision optical setting of the swivel grinding head all surfaces, whether continuous or interrupted, are held to very close limits of accuracy.

This is a Slideway Grinding Machine which is claimed to be ahead of its time both in design and practical principles.

*Wickman-Scrivener.* The introduction of an entirely new range of surface grinding machines marks yet another stage in the development of Scrivener precision grinding machines in association with the parent Company, Wickman Limited.

Identified as Wickman-Scrivener 618 and 824 the new machines are of radically new design, incorporating many entirely new features, in addition to machine design characteristics in advance of contemporary practice.

Built in two sizes, 6in. x 18in. and 8in. x 24in., the new machines are particularly notable for their generous proportioning and the consequent achievement of maximum support under all conditions of use. The attainment of exceptional precision is further assisted by basic machine elements of great stiffness and rigidity, and its high stock-removing capacity by the hydraulic arrangement and its substantial components.

The provision in the basic design for many optional features which can be subsequently added increases still further the utility and versatility of the machines.

The base is a substantial casting with the guides for the column cast integral, while the saddle ways are protected in all working positions.

The crossfeed handwheel graduations are in units of 0.001in, and in addition a fine crossfeed control is calibrated in units of 0.0001in.

The table speeds are very high, namely 125 feet per minute (38 metres per minute) on the smaller model. This feature permits unprecedented stock removals, greatly reducing grinding times on production work, and is also invaluable for cool-grinding thin materials without distortion. Another exclusive Scrivener feature is a table-speed control co-axial with the start-stop lever permitting independent control of the table speed, which enables the machine to be instantly restarted at its former pre-set speed — a boon on production work.

The grinding wheel speed on both models is such as to provide a peripheral speed of 5,500 feet per minute on machines equipped with 50-cycles motors. The whole of the hydraulic valve gear controlling the table and cross-feed movements is contained in a single monobloc assembly attached to the lower surface of the saddle which is readily accessible and equally readily removable through the front cover immediately below the table. Lubrication is entirely divorced from the hydraulic system, filtered lubricant being automatically metered to the table ways at all times, whether the table is being operated manually or under power.

#### "THREAT" BY HONG KONG ENAMELWARE

A recent issue of *The Free Trader*, London, says that the "tiny British Crown Colony of Hong Kong is nowadays the whipping boy for a variety of British industries," and refers to UK vitreous enamelware manufacturers seeking safeguards in home and overseas markets. They lay their difficulties at Hong Kong's door, but *The Free Trader* gives the following description for the situation in UK and Hong Kong:

"To attribute declining sales in the home market to Hong Kong competition is, of course, complete nonsense. In the first nine months of 1958, total imports

of vitreous enamelware from that source amounted to £550! And against imports from foreign sources a 25 percent tariff is imposed.

"But, far from Free Trade having cast long shadows over the enamelware trade, its difficulties have arisen because of restrictions on trade. Witness the changing pattern of the past eight years.

"In 1951, the thriving UK enamelware industry comprised sixteen firms, with an output valued at £4,800,000, of which a substantial proportion was exported. Then the seeds of its misfortunes were sown. An embargo was placed on trade with Red China.

"This restriction on trade threatens the whole fabric of Hong Kong's economic structure, for its prosperity rested upon its entrepôt trade with the mainland. Simultaneously, refugees from Communist China poured into the Colony, and Britain gave no financial aid to help resettle these people.

"Accordingly, the people of Hong Kong had to adjust their economy, and rapidly, to this changed situation. Hence, they began to industrialise, with textile firms and enamelware manufacturers amongst the first to be established.

"Today, Hong Kong has thirty-one firms making enamelware, and her exports exceed £11 m. Conditions in her factories are good, and wages — approximately half those prevailing in similar firms in the United Kingdom — are high by Far Eastern standards. Additionally, real labour costs are increased because of the wide range of 'fringe' benefits paid to the workers.

"Enamelware made in Hong Kong now sells widely in the world markets, in particular, the West Indies, West Africa and Malaya. And because of its low cost and high quality, it is helping in its small way to raise the standards of living amongst the people of these 'under-developed' countries.

"In contrast, the British industry is hard-pressed. The number of firms has been reduced to ten, and exports have slumped. That is the price which has to be paid when Government intervenes and prevents nations from trading freely."

## TRADE WITH CHINA

Enquiries invited from manufacturers and importers

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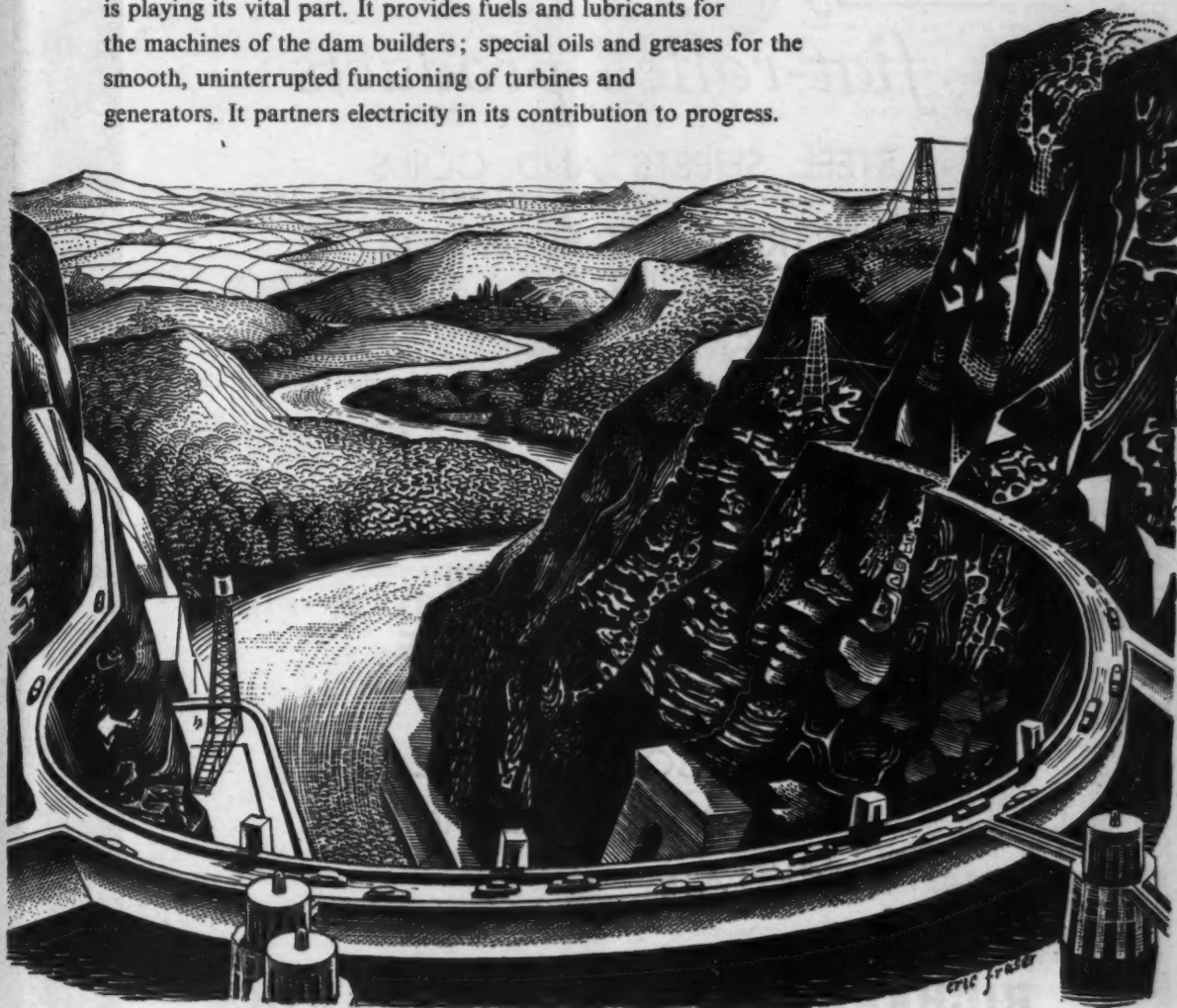
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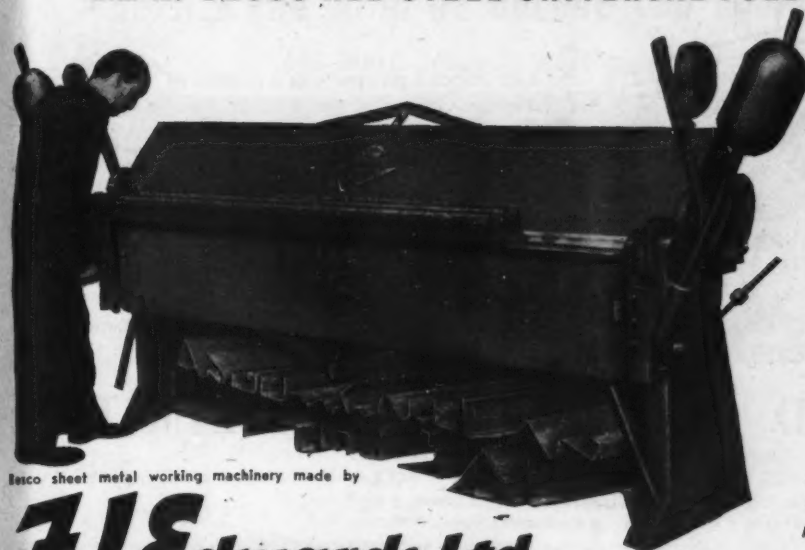
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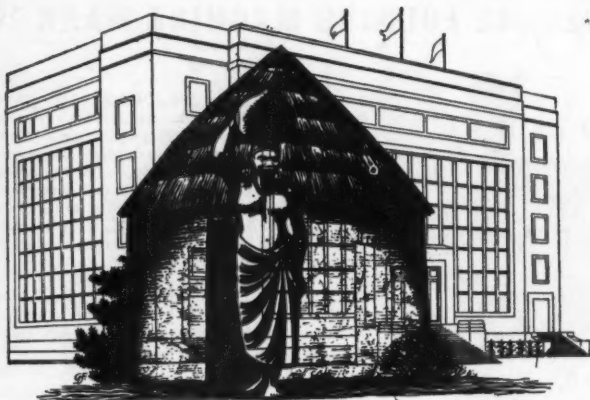
Considerable attention has also been devoted to installation (complete equipment is available for all models) and to simplify maintenance, while the spares service is excellent.

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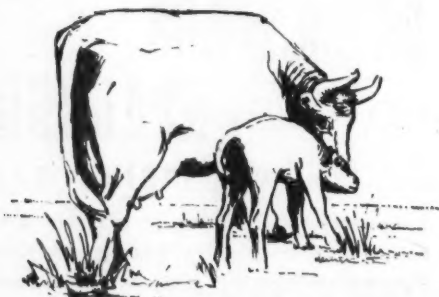
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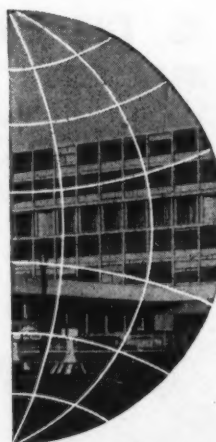
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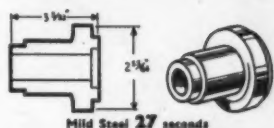
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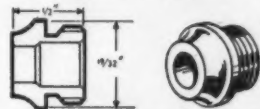
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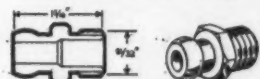
Mild Steel 27 seconds



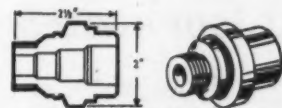
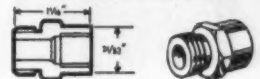
Mild Steel 20 seconds



Brass 1.99 seconds 2 pieces



Mild Steel 3.8 seconds for 2



Mild Steel 15.8 seconds

*Tooled with Wimet - of course!*

#### Illustrated

1" - 6 Bar Machine  
Cycle times 2 - 133 secs.  
Spindle speeds 247 - 3030 r.p.m.

#### Range

Bar Machines manufactured up  
to 3 1/2" capacity; Chucking  
Machines up to 9" capacity.

In factory space utilisation there are few metal-working machines rivalling the multi-spindle automatic lathe. Faster, more continuous production, and the reduced effect of standing charges, result in vastly reduced job costs, and therefore more competitive pricing. And competitive pricing keeps you in business.

Compare your production times with the examples shown here. If they are slower, let's help you to make them faster - and stay in business.

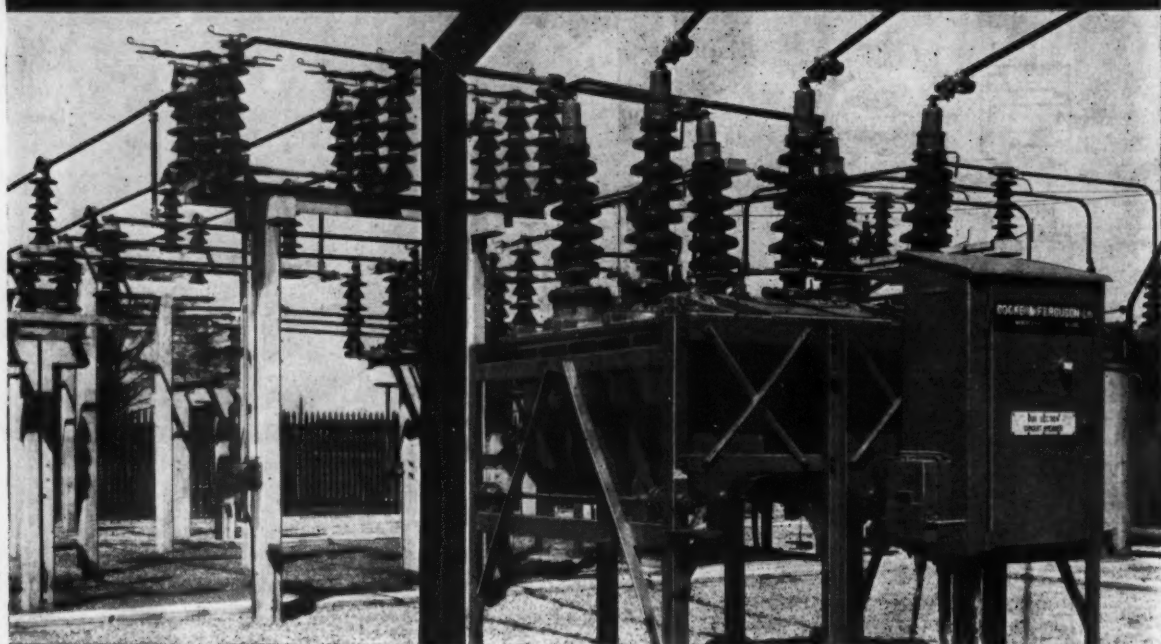
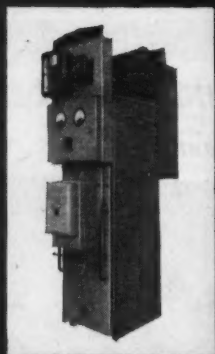


**Multi-spindle BAR and CHUCKING automatics**

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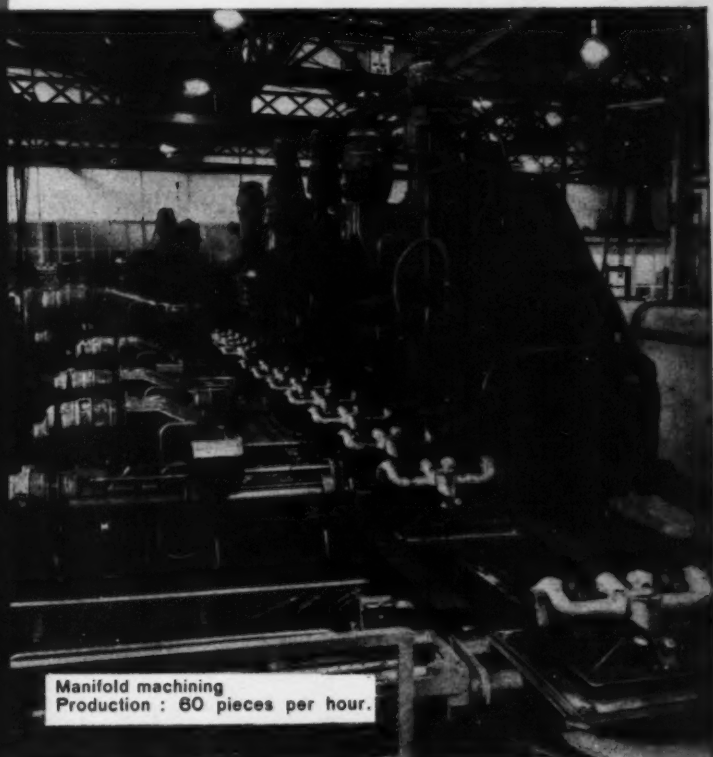


is a good name for electrical equipment

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